



# MOSSEL BAY MUNICIPALITY



## 2016-2017 Annual Report



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## **VISION, MISSION AND VALUES**

### **VISION**

We strive to be a trend-setting, dynamic Municipality delivering quality services responsive to the demands and challenges of the community and our constitutional mandate, in which all stakeholders can participate in harmony and dignity.

### **MISSION**

- To render cost-effective and sustainable services to the entire community with diligence and empathy.
- To create mutual trust and understanding between the municipality and the community.
- To have a motivated and representative municipal workforce with high ethical standards, which is empowered to render optimal services to the community.
- To apply good and transparent corporate governance in order to promote community prosperity.

### **VALUES**

The community is our inspiration and our workforce is our strength in the quest for community development and service delivery. We therefore value:

- Work pride
- Service excellence
- Integrity
- Loyalty
- Accountability



## **CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY**

### **COMPONENT A**

I have great pleasure in introducing the 2016/2017 Annual Report of the Mossel Bay Municipality, which is both a legislative and accountability requirement. In terms of Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000, and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act, No 56 of 2003, the Municipality must prepare an Annual Report for each financial year and the Executive Mayor must table it within seven months after the end of each financial year.

The Annual Report is one of the highly reputable tools of government to assess the effectiveness and impact the Municipality is having on the lives of its community/residents. It also gives an opportunity to diagnose the state of financial affairs, as well as the administrative and governance maturity levels of the institution.



This Annual Report of the Mossel Bay Municipality is the first of my term as Executive Mayor, building on the good work that has been done by my predecessor. The report will show that the Municipality has once again fulfilled its vision of being a trend-setting and dynamic Municipality, which has achieved excellent levels of service delivery throughout. However, it has not been an easy task. The Municipality again had to cope with the frustrations of communities over matters over which it has no control, escalating crime and increasing unemployment rate as well as the various social ills it can lead to. It is important to note that these variables impact significantly on the dignity and livelihood of citizens, hence the Municipality’s commitment and unprecedented effort to deliver on its socio-economic mandate.

Despite this daunting challenge, the Municipality has managed to adequately meet the demand for basic services to all residents and has performed well with the acceleration of its infrastructure development programme. The Municipality has managed to successfully execute its capital programme with a total expenditure of R144 823 488, which constitutes 95 % of the total capital budget and is above the 90 %-expenditure target.

This outstanding performance needs to be further qualified in the context of service delivery, because the 5% underexpenditure does not relate to the overall number of projects

completed, but is partly made up of savings yielded on projects successfully completed. I can announce convincingly that those capital projects which did not materialise were due to external factors beyond the Municipality's control.

The Municipality is aware that basic services cannot be rendered in a sustainable manner nor can infrastructure such as roads and electricity, water and sewerage networks be maintained unless rates and taxes are paid consistently. The Municipality therefore acknowledges that its successes and achievements are not only a testimony of our efforts, but also the selfless contributions made by all our stakeholders through funding support, local businesses and the residents through participation in municipal processes and in being loyal in meeting their municipal obligations despite the difficult economic climate.

I am proud to announce that the Municipality has managed to collect 99,3 % of all revenue budgeted for the 2016/2017 financial year. I would therefore like to thank the ratepayers in Mossel Bay for the good payment culture prevalent in Mossel Bay, despite the difficult economic times. I would also like to thank our Councillors as well as Ward Committees for their continued contribution towards instilling a culture of good payment in our community. The Municipality, guided by its Long-term Financial Plan, continued to practice good and responsible financial management and once more ended the year in a sound financial position. Like in previous years it ended the 2016/2017 financial year in a good liquid position, with current assets covering the current liabilities 2,5 times. The Municipality has managed to generate eight times more revenue than the outstanding accounts. The debtors' collection period (for debtors in arrears) has increased from 12 days in the previous year to 13 days in the 2016/17 financial year. The accumulated surplus increased by R124,5 million or 4,7% compared to the previous financial year. This surplus includes various non-cash transactions.

The Municipality tabled and approved a credible, compliant and user-friendly IDP for the year under review. The Executive Mayoral Committee Members attended all the IDP meetings, which has led to a much better understanding of the needs and burning issues of our community. This is in line with the focus of Council to better communicate with the community. The IDP and 2017/2018 budget therefore reflect and prioritise the needs and aspirations of all our communities and laid the foundations for inclusive economic growth through the implementation of a balanced infrastructure programme and socio-economic development projects.

Basic service delivery standards and levels have been sustained with all formal and informal households having access to clean water, sanitation services and refuse removal. The backlogs for electricity connections are only prevalent in informal settlements. These backlogs are gradually phased out through the Municipality's human settlement delivery plan, as well as through special electrification projects funded by the Department of Energy.

A notable highlight is the progress made in the relocation of the Powertown community to Sonskynvallei. The incorporation of these two communities is no easy task, but I am positive



that the project will be successful and will benefit both communities. We will in future rely heavily on the cooperation of all stakeholders to continue with the good work already done.

The main Human Settlements Projects executed in 2016/2017 are as follows:

- The completion of the servicing of 66 sites in Phase 3 of the Asazani / Izinyoka Project.
- The commencement of the construction of 152 top structures at Sonskynvallei for the relocation of the Powertown Informal Settlement.
- The completion of the Joe Slovo / Highway Park / Civic Park Blocked Project comprising of 32 infill top structures.
- The continuation of the upgrading and repairs to 206 existing houses at Sonskynvallei.
- The completion of the establishment of three temporary relocation areas and the temporary relocation of all beneficiaries to allow the construction of services on Phase 4 of the Asazani / Izinyoka Housing Project.
- The appointment of a contractor for the construction of 154 top structures on the Herbertsdale Housing Project.
- The commencement of the construction of 24 infill top structures on the KwaNonqaba PHP Project.
- The continuation of the planning of the upgrading of 18 informal settlements including the completion of a socio-economic survey of all informal households and the establishment of Beneficiary Liaison Committees for all the informal settlement areas.
- The completion of a feasibility study for a mixed housing development located in the Louis Fourie Road Corridor area comprising of approximately 1 200 housing opportunities.
- Maintenance of the Greenhaven Flats at Great Brak River.
- Evaluating and assessing housing-upgrade assistance to the Toekoms community.

The Municipality proved its continued commitment and willingness to help the poorest of the poor and to alleviate poverty across all communities through the adoption of the following policy resolutions that were passed in the 2016/2017 financial year:

- That no service availability charges be levied on vacant residential stands with a market value of less than R50 000.
- That residential properties with a value of R81 000 or less be classified as indigent and that such households be entitled to all indigent subsidies.
- In the case where the value of a residential property exceeds R81 000, but the household total monthly income does not exceed R3 200 or R6 400, households can apply for an indigent or poor household subsidy.

These policy directives are just another way in which the Municipality reaches out to the vulnerable and needy. For the 2016/2017, financial year 12 337 households received indigent support. Indigent households continued to receive 50 kWh of free electricity and 6kl of free water. All other households continued receiving 20 kWh of free electricity. The Municipality

also maintained the 30 % to 50 % discounts on property rates and sewerage charges applicable to pensioners only.

The Municipality has successfully completed the Youth Café project in the year under review. The Municipality entered into an agreement with PetroSA to construct the Youth Café on vacant land provided by the Municipality. The official handing over of the building by PetroSA took place in March 2017. The Department of Social Development has appointed a service provider, Wonderful Southern Africa, to facilitate targeted services, programmes and opportunities that will better equip them for the challenges of adulthood. The project serves as a stellar example of what can be achieved when various stakeholders work together toward a common goal.

The Municipality also contributed to the fight against poverty and unemployment through the Expanded Public Works Programme (EPWP) and through the implementation of its capital programme. A total of 794 job opportunities were created through the EPWP for the year under review.

The entrepreneur street cleaning project remains a flagship project for job creation across all 14 wards. This project is also one of the Municipality's own success stories a driver behind the accolades and awards the Municipality has been receiving for the past years in the category of environmental cleaning.

Capital expenditure took place as follows in the 2016/2017 financial year:

Community Services and Facilities	: R14 367 519
Electricity	: R30 863 478
Human Settlements	: R 5 088 627
Refuse / Waste Management	: R 191 526
Sanitation / Sewerage	: R18 892 621
Streets and Storm Water	: R35 065 422
Water	: R27 492 981

The Municipality has sustained the social impact and footprint that it has established in communities over the past years across the greater Mossel Bay. The Municipality prides itself in a fully-flexed and resourced social development department that is actively involved in poverty alleviation interventions, youth development as well as enhancing social cohesion through programmes benefitting the elderly and other vulnerable groups. The reader's attention is drawn to Chapter 3 of the Annual Report where all interventions implemented for the year under review are listed.

As in any normal world there are unfortunately also challenges and disappointments with which one is confronted and the Mossel Bay Municipality is no exception. The Municipality's biggest challenge remains the vandalism of public property and infrastructure needed for

service delivery. Vandalism of engineering services and equipment, new houses, sports facilities, ablution facilities and municipal halls, as well as theft of municipal assets, results in unnecessary spending of large proportions of municipal funds on infrastructure that once existed.

This tendency has a direct negative impact on the Municipality's resource capacity to eradicate backlogs and to develop new infrastructure and services to communities in waiting. Vandalism remains the second largest strategic risk and the Municipality will have to deal with this problem decisively in partnership with Ward Committees, Neighbourhood Watches and other Community-Based Organisations. This is in line with Council's increased focus on the safety and security of the community of Mossel Bay.

The Municipality was fortunate to have filled the position of Municipal Manager timeously, given the rather limited amount of suitably qualified candidates and the various legislative requirements that guide such an appointment. Adv Thys Giliomee has been at the helm of the Municipality from 1 December 2016 and has in his short time in the position added value to the organisation. I am confident that in years to come he will be guiding the organisation towards even greater heights. I would like to take this opportunity to thank Mr Harry Hill for his good work as Acting Municipal Manager so close to his retirement in May 2017. I would like to wish him all the best in his retirement and to thank him for his exceptional service to the Mossel Bay Municipality over the past 13 years.

The 2016/2017 financial year has not been without its challenges. The December holiday season and first half of 2017 was plagued with various veld fires within the municipal area. Our Fire and Rescue Services, supported by the various other departments, responded to the call and handled the situation with professionalism. They laboured tirelessly to ensure the safety of lives and property. I am once again humbled to witness the commitment and dedication of our staff.

The suspension of the Chief Financial Officer, Mr Marius Botha, has been reported widely in the media. While the matter was still ongoing, Mr Louis Fourie, was been seconded from George Municipality, as Acting Chief Financial Officer. The Municipality is in the fortunate position to have a highly skilled and competent Finance Department. I therefore have the utmost confidence that the finances of the Municipality will continue to be administered in a responsible and accountable manner, in line with the relevant legislation.

I am also proud to mention that Mossel Bay won the "Kwêla Town of The Year 2017" competition on 7 June 2017. This achievement will have several positive outcomes for the town and community and give the economy a much-needed boost.

In conclusion, I would like to thank my fellow-Councillors, particularly the members of my Mayoral Committee, as well as the Municipal Manager, Adv Thys Giliomee, the management

team of the Municipality and all personnel for keeping the Mossel Bay Municipality aligned to its vision to be one of South Africa's trend setting municipalities.

A handwritten signature in dark ink, appearing to read 'H. Levendal', with a stylized flourish at the end.

**ALDERMAN HARRY JOSEPH LEVENDAL**  
**EXECUTIVE MAYOR OF MOSSEL BAY**

## **COMPONENT B: EXECUTIVE SUMMARY**

### **1.1 MUNICIPAL MANAGER'S OVERVIEW**

I am honoured, privileged and grateful for the trust bestowed on me, by my appointment as Municipal Manager of Mossel Bay Municipality. One stands humbled by the tasks and challenges ahead.

I can only tender my best to address the multitude of demands on and challenges to the limited resources of the municipality. As public servants, our task is to supply municipal services to all to make their lives better, safer and healthier. We need to ensure access to essential services that are affordable to all, be responsive to the needs of the community and be developmental orientated to create an environment to uplift and dignify lives.



The 2016/2017 financial year was another challenging year against the background of continued difficult global economic conditions. This financial year also coincided with the general municipal elections that took place in August 2016 whereafter a new Council was constituted successfully.

The resignation of Dr Michele Gratz as Municipal Manager in May 2016 posed the challenge of commencing the new financial year under the guidance and leadership of an Acting Municipal Manager. Mr Harry Hill, who was then the Strategic Support Executive in the Office of the Municipal Manager, was appointed in this position.

He served as Acting Municipal Manager for the period until the vacancy of Municipal Manager was filled on 1 December 2016. Mr Hill performed extraordinary well during this difficult period and was able to ensure that the Municipality maintained service delivery standards and that good governance remained the order of the day. Mr Hill retired on 17 May 2017 after 13 years and 8 months of loyal service to the Municipality. He was replaced by Mr Colin B Puren who accepted the position of Executive Strategic Support Official with effect from on 1 June 2017.



The Mossel Bay Municipality has once again performed well and scored some notable achievements in the year under review. Details about its performance are contained elsewhere in this Annual Report, but I would, like to highlight the following:

- The Municipality has successfully established Ward Committees in all fourteen Wards within the required legislative timeframe.
- The Municipality successfully consulted all communities during October 2016 to solicit the inputs from the public and interest groups and stakeholders in preparation for the planning and drafting of the Fourth-Generation Integrated Development Plan.
- The Municipality successfully conducted a strategic planning workshop during November 2016 to determine the overarching development priorities that will underpin the development agenda for the next five years.
- The Municipality successfully developed and adopted a new Spatial Development Framework that will guide land use and development.
- Due to frequent burst water pipes in the KwaNonqaba area, the following lengths of asbestos cement water pipelines were replaced with new PVC pipes throughout KwaNonqaba: 200 mm diameter = 209 m, 110 mm diameter = 1 345 m, 75 mm diameter = 1 051,5 m. The total expenditure of the project was R1 872 770,90, excluding VAT (CRR) and R732 105, excluding VAT.
- The construction of a new water pipeline between the Langeberg Pump Station and Bartelsfontein has commenced, with Phase 1 completed in this financial year. This project consisted of the installation of the following pipelines: Ductile Iron pipes: 300 mm diameter = 750 m and PVC pipes: 315 mm diameter = 1 721 m. The reason for the new pipeline is to keep up with the growing demand for water by the Mossel Bay community. The available budget for this project was R2 947 000 excluding VAT. The total expenditure of the project was R2 947 000, excluding VAT.
- Another phase of the upgrading of the water supply pipeline from the Little Brak River water treatment plant to the Langeberg reservoir was completed. This project involves the systematic replacement of the existing 400 mm pipeline between the Little Brak Water Purification Plant and the Langeberg Reservoir, which has been in service for over 30 years and is in a poor condition. Phase 3 of this 800-mm diameter Glass-Fibre Reinforced Pipe (GRP) pipeline project is a multi-year project spread over the 2016/2017 and 2017/2018 financial years. The total length of pipe that will be installed as part of Phase 3 of this project is 3200 m, associated GRP bends as well as air and scour valves with valve chambers. The new pipeline will be able to deliver around 735 l/s to accommodate the

additional demand in the Mossel Bay area. The total expenditure of the project was R6 431 281,04, excluding VAT and R6 926 271 excluding VAT.

- The Midbrak Main Sewer Network was identified and is being implemented as a multi-year project funded from by means of an external loan. Phase 2 of this project consisted of the following:
  - i. The complete construction of a concrete structure sewerage pump station with associated Stainless-steel pipe work, solar-powered level-control and telemetry system, pavement, block retaining wall and security fence and access gate.
  - ii. 408 m x 450 mm diameter Glass Fibre Reinforced Pipe (GRP) pipeline
  - iii. 100 m x 160 mm diameter PVC sewer reticulation pipeline
  - iv. 2 new sewer manholes were constructed
  - v. 4 new sewer house connections were installed

The available budget for this project was R6 500 000 excluding VAT (Loan). The total expenditure of the project was R6 500 000 excluding VAT (Loan).

- Upgrading and extension of the Friemersheim Sewer Network was done because part of Friemersheim did not have any sewer reticulation. The following infrastructure was installed in the area concerned:
  - i. 790 m x 90 mm and 75 mm HDPE Sewer rising mains were installed
  - ii. 1120 m x 160 mm diameter PVC gravity main sewer lines were installed
  - iii. 77 x 110 mm diameter PVC sewer erf connections were installed
  - iv. 24 new manholes were built
  - v. New sewer pump stations (submersible installations).

The available budget for this project was R1 825 000 excluding VAT (CRR). The total expenditure of the project was R1 825 000, excluding VAT (CRR).

- Upgrading of Regional Waste Water Treatment Works – This project involves the upgrading of the Regional Waste Water Treatment Works and the following was installed on the plant:
  - i. 2x sludge recycle pumps.
  - ii. 2 x waste pumps.
  - iii. Splash boards at Reactor 1.
  - iv. Safety railings at the dry beds.
  - v. Refurbishment of maturation dam 1

The budget for this project was R5 206 650, excluding VAT. The total expenditure of the project was R3 875 480, excluding VAT.

- A total length of 1,9 km of the 66Kv-overhead line between Intake substation and Saunders substation was reconstructed. The old section of line was over thirty years old and was very unreliable. The upgrading will provide additional capacity and an improvement in the quality of supply to the Mossel Bay Central Business District and surrounding areas. The total cost of this project amounts to R3 166 629 (excluding VAT).
- Installation of new alternative feeder to the Dana Bay area: A total length of 1,9 km of 185 m<sup>2</sup> copper cable was installed with a new circuit breaker to establish a ring feed to Dana Bay and reduce the risk of long outages. The project was finalised at a cost of R2 292 814 (excluding VAT).
- Electrification Project: The electrification project was undertaken in accordance with the Department of Energy policy guidelines. A total of 443 informal households were electrified in the KwaNonqaba, Asla Park and Great Brak River areas in the 2016/17 financial year. The project involved the installation of medium-voltage and low-voltage electrical reticulation at a cost of R7 640 351

Despite these successes, the Municipality faces some daunting challenges and risks that threatens and negatively impact on the its ability to deliver services in a sustainable manner. The Municipality suffers financial losses due to the ongoing theft of copper at various electrical and mechanical installations. The equipment targeted are mainly in the rural areas and as the thefts frequently take place after hours this causes prolonged interruption in the water and electricity supplies.

The Municipality has encountered many incidents of tampering or bypassing of electricity meters as well as illegal use of electricity. Apart from the loss in revenue, illegal connections cause power outages and are a threat to the safety of people and animals. A total of 4 328 preventative maintenance tasks were completed on electrical equipment to minimise breakdowns and to improve the quality of supply to all customers. The Municipality also carried out 23 operations to remove 258 illegal electricity connections.

- A general property valuation process commenced during the year under review with the aim of implementing a new general valuation role in July 2017. All properties were inspected by the appointed valuers by the end of June 2016, which is in line with the respective milestones of the project. The process to value each property subsequently started and the project is on target to be completed by July 2017.

- Completed human settlements capital projects included the Wolwedans land rehabilitation project and the provision of services to the Sonskynvallei and Herbertsdale Human Settlement projects. The construction of the top Structures for the Sonskynvallei project commenced and the Municipality successfully relocated families from the Powertown Informal Settlement that is located within a flood plain. The construction of the 154 top Structures in Herbertsdale was delayed due to challenges experienced in the tender processes due to a shortage of funds. The Municipality was in an ongoing engagement with the Department Human Settlement to remedy the issue through the increase of the housing project funding allocation.
- The upgrading project of the Asazani/Izinyoka informal settlement remained problematic because of the continued theft and vandalism of completed infrastructure as well as the vandalism of completed houses. This hampered the relocation of people to the new houses.
- Walvis Street was constructed while various streets were upgraded in KwaNonqaba, Friemersheim and Herbertsdale. The new traffic circle at Da Nova was completed successfully and has meanwhile improved traffic flow on that route.
- An extensive range of programmes and projects were again rolled out in the field of socio-economic development in 2016/2017. This included the opening of a Youth Café in Great Brak River. Broad community development, rural development, poverty alleviation through inter alia soup kitchens, sewing groups and household food gardens, early childhood development, drug abuse and teenage pregnancies, youth development, HIV/AIDS awareness, gender, disability, the elderly, SMME development, local economic development and rural development were addressed.
- A total of 794 jobs (2016: 514) were created through the Extended Public Works Programmes (EPWP).
- The Municipality continued with its strategy to hold festivals to market the town and stimulate the local economy. The fifth annual sports festival was held in September 2016 and the sixth annual Dias Festival took place in February 2017. The participation in, and attendance of these festivals were again good and the festivals can be regarded as meeting their objectives.

The 2015/2016 Annual Report was well constructed. Likewise, the Annual Financial Statements reflected all the required information correctly. Unfortunately, an oversight occurred in that a heading stating that *“No contracts were awarded to key management*

*personnel/councillors or their close family members during the year under review”* was included while the Annual Financial Statements fully disclosed all such contracts. I hereby assure the ratepayers and all interested parties that the Mossel Bay Municipality at all times follows due procurement processes and disclosure requirements in accordance with Legislation and its own Supply Chain Management Policy.

The 2017/2018 financial year can be expected to have its own challenges. Against the background of continued adverse economic conditions and the impact of this on ratepayers as well as users of municipal services, there will have to be a major focus on the containment of costs. This may result in a review of the Municipality’s present levels of service delivery levels and programmes.

The Municipality has through hard work and the commitment of its employees been able to maintain constant high levels of service delivery over the past few years. It continues to rank amongst the top ten per cent of municipalities in South Africa with regard to service delivery. The focus in 2017/2018 will have to be on maintaining acceptable service levels while at the same time keeping them affordable to our ratepayers.

In conclusion, I would like to thank Council, particularly the Executive Mayor, Alderman Harry Levendal, for his support guidance and oversight. He has allowed the personnel of the Mossel Bay Municipality to scale great heights through their continued support and constructive leadership.

Thank you also to the executive management team and the personnel of the Municipality for your support and huge contribution towards the successful 2016/2017 financial year.

The Mossel Bay Municipality has devoted personnel who have proved time and again that they are up to any challenges coming their way and I have no doubt that this will also be the case in 2017/2018.

My vision is: As public officials, it is our task to provide municipal services in a sustainable manner, in order to ensure safer and healthier living conditions for our communities. We need to ensure that the services we render are affordable to all. We must be in tune with the needs of the community, and create an environment conducive of respect and upliftment.



**ADV T GILIOME**  
**MUNICIPAL MANAGER**



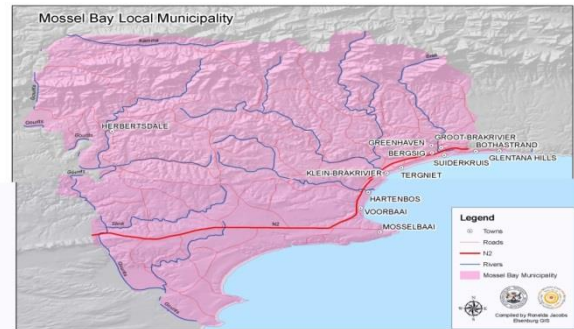
## 1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### MOSSEL BAY PROFILE

The following provides a broad geographical, economical and statistical profile of Mossel Bay:

#### Towns and settlements within the municipal boundaries:

Aalwyndal, Boggomsbaai, Brandwag, Buisplaas, D'Almeida, Dana Bay, Glentana, Great Brak River, Friemersheim, Hartenbos, Herbertsdale, Hersham, Joe Slovo Village, KwaNonqaba, Little Brak River, Mossel Bay, Outeniqua Beach, Reebok, Ruiterbos, Southern Cross, Tergniet and Vleesbaai.



- **Municipal Demarcation Code:** WC043.
- **Location of Head Office:** 101 Marsh Street, Mossel Bay.
- **Neighbouring Towns:** George (66km east); Riversdale (77km west); Albertinia (50km west); Oudtshoorn (96 km north).
- **Municipal Area:** 2007 sq km.
- **District Municipality:** Eden (George).
- **Municipal Budget:** 2016/2017 Operating Budget: R890,8 million.  
2016/2017 Capital Budget: R152,3 million.
- **Population:** 89 430 (2011 Census).
- **Educational Institutions:** South Cape Technical College - Mossel Bay Campus; Five Secondary Schools; 21 Primary Schools; Various private educational institutions.
- **Medical Facilities:** Bayview Private Hospital; Mossel Bay Provincial Hospital; District Municipal Health Services; Vidamed Day Hospital.
- **Police Stations:** Da Gamaskop, Great Brak River, Herbertsdale, KwaNonqaba, Mossel Bay.
- **Law Courts:** Mossel Bay Magistrates Court; Mossel Bay Municipal Court.
- **Port:** Mossel Bay
- **Prison:** Mossel Bay Correctional Centre for the Youth.
- **Main Economic Activities:** Agriculture (aloes, cattle, dairy, ostriches, sheep, vegetables and wine), Fishing, Light Industry, Petrochemicals, Tourism.

Mossel Bay has the third largest population in the Eden District with a population of 89 430 in 2011, compared to 71 495 in 2001. The population grew on average by 2,24 per cent between 2001 and 2011, which is consistent with the district-wide growth of 2 per cent. Mossel Bay's population has increased by 17 935 people over a period of ten years.

Population growth of this proportion is placing strain on the Municipality's infrastructure and resources needed to sustain the town and its people. It also poses huge challenges to eradicate water, sanitation and housing backlogs and impacts on the Municipality's ability to service the community effectively.

POPULATION DETAILS OF MOSSEL BAY									
Age	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0-4	2 535	2 432	4 968	2 788	2 921	5 709	3 924	3 653	7 577
Age: 5-9	2 761	2 840	5 601	3 020	2 945	5 965	3 437	3 307	6 743
Age: 10-14	3 064	3 123	6 188	3 315	3 279	6 594	3 185	3 179	6 363
Age: 15-19	2 391	2 533	4 924	3 397	3 283	6 680	3 225	3 355	6 580
Age: 20 - 24	2 486	2 418	4 905	2 870	2 664	5 535	3 605	3 727	7 332
Age: 25-29	2 817	2 807	5 626	3 008	2 833	5 841	4 064	4 061	8 125
Age: 30-34	2 599	2 572	5 171	3 110	2 926	6 036	3 427	3 325	6 752
Age: 35-39	2 300	2 284	4 584	2 802	2 923	5 726	3 103	3 226	6 330
Age: 40-44	1 837	1 839	3 676	2 526	2 546	5 071	3 074	3 163	6 237
Age: 45-49	1 380	1 460	2 840	2 019	2 117	4 136	2 582	2 789	5 371
Age: 50-54	1 141	1 183	2 324	1 623	1 787	3 409	2 320	2 506	4 826
Age: 55-59	1 034	1 141	2 176	1 359	1 566	2 924	1 938	2 334	4 272
Age: 60-64	911	1 060	1 972	1 309	1 421	2 730	1 796	2 107	3 903
Age: 65-69	753	791	1 544	980	1 062	2 042	1 532	1 819	3 350
Age: 70-74	488	559	1 047	705	773	1 478	1 206	1 336	2 542
Age: 75-79	271	372	643	402	465	867	747	835	1 582
Age: 80-84	153	201	354	165	288	454	360	542	902
Age: 85+	65	167	232	103	194	297	227	416	643
<b>Total</b>	<b>28 988</b>	<b>29 784</b>	<b>58 772</b>	<b>35 501</b>	<b>35 993</b>	<b>71 494</b>	<b>43 751</b>	<b>45 679</b>	<b>89 430</b>
<i>Source: Statistics SA</i>									

#### COMMENT ON BACKGROUND DATA

Proper planning and continued maintenance has ensured that the Mossel Bay Municipality is positioned well to cope with population growth in the short to medium term in terms of water and electricity supply and sanitation services provided it can keep its infrastructure maintenance at present levels. The seawater desalination plant helps to ensure that Mossel Bay enjoys a high level of water security.

#### 1.3 SERVICE DELIVERY OVERVIEW

## SERVICE DELIVERY INTRODUCTION

The principle of service delivery to the community of Mossel Bay is clearly spelt out in the Vision, Mission and Value statement of the Mossel Bay Municipality and Council as well as management strive to adhere to these principles.

The Mossel Bay Municipality has over the past number of years received accolades for the high levels of service delivery it maintains.

In the 2016/2017 financial year it achieved the following levels in respect of basic service delivery above the minimum standards:

SERVICE AREA	% HOUSEHOLDS ABOVE
Water	100%
Sanitation	99%
Electricity	98,4%
Waste Management	98,2%
Housing	82,9%

## COMMENT ON ACCESS TO BASIC SERVICES

In-migration into the Mossel Bay municipal district takes place constantly. Informal housing increases and is the main reason for the shortfalls in basic service delivery.

## 1.4 FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

The Mossel Bay Municipality has performed above the expected norms as set out in both the Original and Adjustments Budgets. The income generated is at 99,3% of the budgeted income, whilst the operating expenditure is at 92% of the budgeted operational expenditure. That resulted in a surplus of R139 088 228.

The good performance was made possible by implementing strict budget control on the set priorities and budget allocations. This strict expenditure control and monitoring of debt collection resulted in a positive cash flow generation for the year.

The cash generated from operating activities has increased from R167,3 million to R208,5 million. This is mainly due to an increased recovery from ratepayers to the value of R32,95 million. While the revenue billed from property rates and service charges are R2,3 million more than the budgeted amounts. A reduction in expenditure includes a saving on employee-related costs (R4,3 million), contracted services (R3 million), repairs and maintenance (R4,6 million) and depreciation charges that is a cashback contribution (R6,6 million).

The Municipal Standard Chart of Account Regulations (mSCOA) has pose a few new challenges to the Municipality, which has opted to adopt it early. This resulted in the initial implementation date being moved forward to 1 July 2016. All transactions have been captured according to the mSCOA classifications in order to be able to have restated figures for the annual financial statements as on 30 June 2018.

The Municipality has gained valuable information in order to change its business processes. One of the findings is that this is not merely a classification reform but requires a total revisit of all business processes in order to be able to obtain the correct information.

Apart from the objectives as set by National Treasury with this project, the Municipality views this as the first step to ensure that a proper cost management system is implemented. The initial entries have now been corrected and the secondary costing entries will follow suit in the 2017/2018 financial year.

FINANCIAL OVERVIEW: 2016/2017			
			R
Details	Original budget	Adjustment Budget	Actual
<b>Income:</b>			
<b>Grants</b>	155 336	192 214	145 519
<b>Taxes, Levies and tariffs</b>	590 655	647 324	649 597
<b>Other</b>	149 654	125 466	163 284
<b>Sub Total</b>	895 644	965 005	958 401
<b>Less: Expenditure</b>	874 172	890 768	819 329
<b>Net Total*</b>	21 472	74 237	139 071

OPERATING RATIOS	
Detail	%
<b>Employee Costs</b>	29,7%
<b>Repairs &amp; Maintenance</b>	6,3%
<b>Finance Charges &amp; Impairment</b>	4,3%

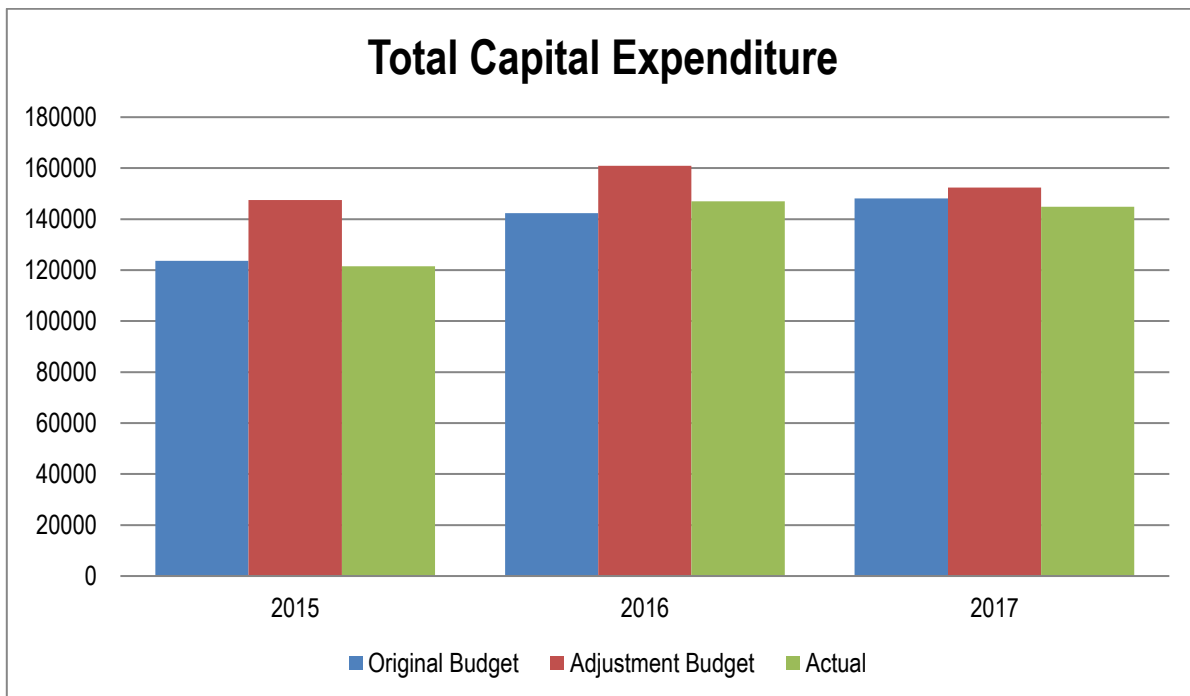
#### COMMENT ON OPERATING RATIOS

The employee cost for the 2016/2017 financial year amounted to 29,7%, which is on par with the national norm of 30% of the total expenditure for the year.

Repairs and maintenance have decreased slightly to 6,3% of the total expenditure for the year. It must, however, be noted that these repair costs still do not include employee-related costs, which must also be taken into account.

Finance charges and impairment costs as a percentage of the total expenditure are well below the norm of 10%. This is due to the fact that the Municipality has very low borrowing costs.

TOTAL CAPITAL EXPENDITURE: 2015 TO 2017			
			R'000
Detail	2015	2016	2017
Original Budget	123 710	142 374	148 066
Adjustment Budget	147 548	160 990	152 376
Actual	121 510	147 023	144 823



#### COMMENT ON CAPITAL EXPENDITURE

The capital expenditure ratio has improved from the previous financial year with 95% of the budget. Unspent capital grant funding relates to funding for Housing Projects which are multi-year projects. It has been requested that these funds be rolled over to the 2017/2018 financial year.

#### 1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipality has made tremendous strides in improving organisational performance and has improved its capacity by the development and setting of Key Performance Areas that comply with the SMART principle, stronger and clear linkage between the Integrated

Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP) and Annual Report. It has also created a culture of organisational performance monitoring and evaluation through the diligent implementation of a Performance Management System. The review of macro- and micro structures and the filling of key posts to implement projects and



programmes occurred regularly. The overall performance of the Municipality is managed and evaluated by a municipal scorecard (Top-Level Service Delivery and Budget Implementation Plan at organisational level and through monitoring and evaluation of the detailed Departmental Service Delivery Budget Implementation Plan (SDBIP) at directorate and departmental levels. The TASK grading system has made it difficult to recruit artisans, in particular, and other technical personnel. The Municipality has reacted to this challenge by placing existing personnel on learnership programmes.

## **1.6 AUDITOR-GENERAL REPORT**

The Municipality received a clean audit for the year to 30 June 2017, with the Auditor-General declaring as follows:

“In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).”

The report of the Auditor-General to the Western Cape Provincial Parliament and the Council on the Mossel Bay Municipality stated that the opinion was not modified in respect of matter of emphasis as well as additional matters to which attention had been drawn. The full audit report is included in Volume 2 (Annual Financial Statements) of this Report (Annual Financial Statements).

## **1.7 STATUTORY ANNUAL REPORT PROCESS**

<b>NO</b>	<b>ACTIVITY</b>	<b>TIMEFRAME</b>
<b>1</b>	Municipality submits draft Annual Report including consolidated Annual Financial Statements and performance report to Auditor-General	August
<b>2.</b>	Auditor-General audits Annual Report, including consolidated Annual Financial Statements and Performance Data	September / October
<b>3.</b>	Municipality receives and starts to address the Auditor-General's comments	November
<b>4.</b>	Mayor tables Annual Report and audited Financial Statements to Council, complete with the Auditor-General's Report	January
<b>5.</b>	Audited Annual Report is made public and comment is invited	January / February
<b>6.</b>	Oversight Committee assesses Annual Report	February
<b>7.</b>	Council adopts Oversight Report	March
<b>8.</b>	Oversight Report is submitted to Western Cape Provincial Government	March/April

The Mossel Bay Municipality has prepared the Annual Report in the new format prescribed by the National Treasury for annual reporting. The format has been adapted, where necessary, in line with the Municipality's organisational structure. The objective remains to shorten the

present cycle and complete it within six months of the end of the financial year to ensure that information that is given in the Annual Report is more topical and useful.

## **CHAPTER 2 – GOVERNANCE**

### **INTRODUCTION TO GOVERNANCE**

In terms of Section 40 of the Constitution, Government in South Africa is constituted as national, provincial and local spheres of government that are distinctive, interdependent and interrelated. All spheres of government must observe and adhere to the principles of the Constitution and must conduct their activities within the parameters that the Constitution provides. The Mossel Bay Municipality represents the local sphere of government.

### **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

#### **INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE**

Section 151 (3) of the Constitution states that the Council of a Municipality has the right to govern, on its own initiative, the local government affairs of the local community.

At the Mossel Bay Municipality a clear distinction is made between the politically elected structure, namely Council, which is responsible for the oversight and legislative function of the Municipality, and the Administration.

The Council is chaired by the Speaker. The executive is headed by the Executive Mayor together with the Deputy Executive Mayor and a Mayoral Committee of six (6) members who are full-time Councillors involved in the day-to-day running of Council from the political perspective.

The Administration is headed by the Municipal Manager, who is also the organisation's Accounting Officer. Powers have been delegated to the different functions within the organisation to ensure that roles, responsibilities and decision-making powers are clear and unambiguous.

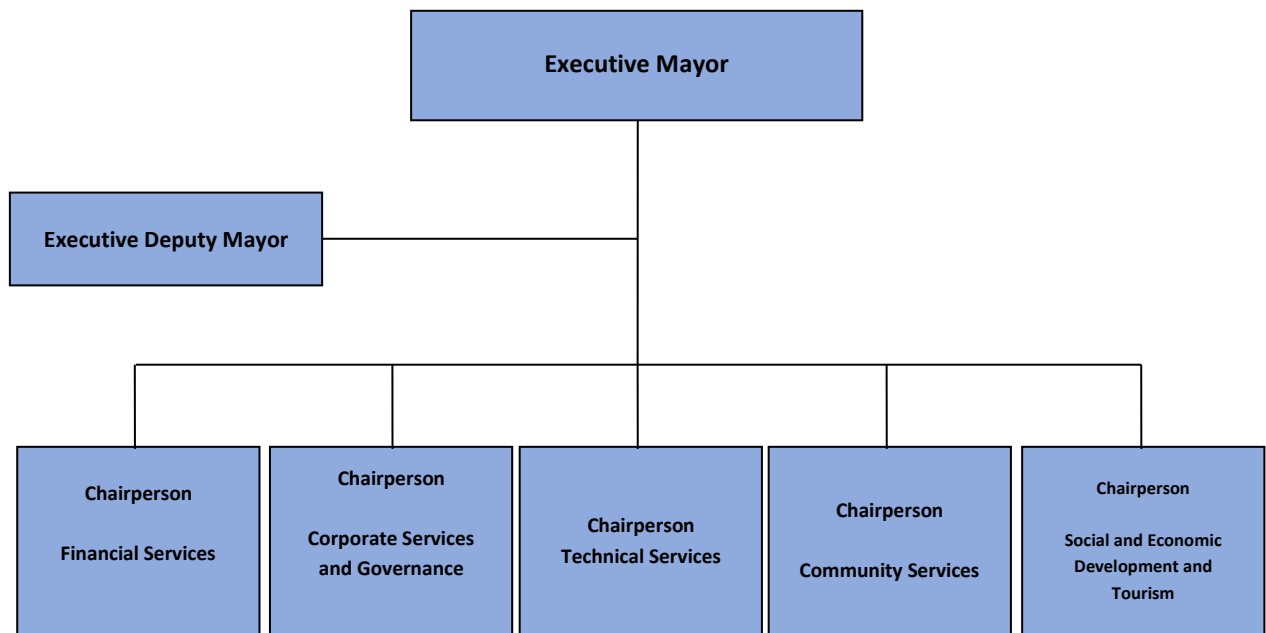
#### **2.1 POLITICAL GOVERNANCE**

##### **INTRODUCTION TO POLITICAL GOVERNANCE**

The Town Council of Mossel Bay (WC043) is comprised of 14 Ward Councillors and 13 proportional representatives.

The Council has an Executive Mayoral system combined with a ward participatory system, and the Speaker is the Chairperson of the Council. Council conducts its affairs through a portfolio

committee system. The following is a graphic illustration of Council's present executive structure:



The political executive structure is as follows:



## COUNCILLORS

At the end of the 2017 financial year the Democratic Alliance (DA) held 17 seats in Council, the African National Congress (ANC) 7, the African Christian Democratic Party (ACDP) one, the Freedom front Plus (VF+) one and the Independent Civic Organisation of South Africa (ICOSA) one.

**Appendix A** contains a full list of Councillors (including committee allocations and attendance at Council meetings). Please also refer to **Appendix B**, which sets out committees and committee purposes.

## POLITICAL DECISION-TAKING

Political decisions are made by the Executive Mayor, in terms of powers delegated to him by law, and Council in session at general monthly Council meetings or special Council meetings that are called when decisions are taken that cannot wait for the monthly meetings.

The following are the statistics for the Executive Mayoral decisions taken during the year compared to the previous four financial years:

2013/2014	2014/2015	2015/2016	2016/17
49	45	47	58

The table below reflects the number of Council as well as Council Committee meetings that were held over the past four financial years.

MEETINGS	2013/2014	2014/2015	2015/2016	2016/17
Special Council Meetings	6	7	4	7
Ordinary Council Meetings	10	11	10	10
Standing Committee Meetings	50	55	55	55

With some exceptions when items are carried directly into Council when they are either urgent or do not fall within the ambit of any one of the Council Committees, Council resolutions are based on the recommendations of the various Council Committees. The following table reflects the number of Committee recommendations submitted to Council over the past three financial years:

NUMBER OF RECOMMENDATIONS	2013/2014	2014/2015	2015/2016
Technical and Tourism Services Committee	137	122	89
Financial and Legal Services Committee	70	64	34
Human Settlements Committee	35	13	35
Community Services and Human Resources Committee	79	75	83
Social Services and LED Committee	76	74	68
Total number of recommendations	397	348	309



After the local government election, the composition of the committee system was adjusted to the following:

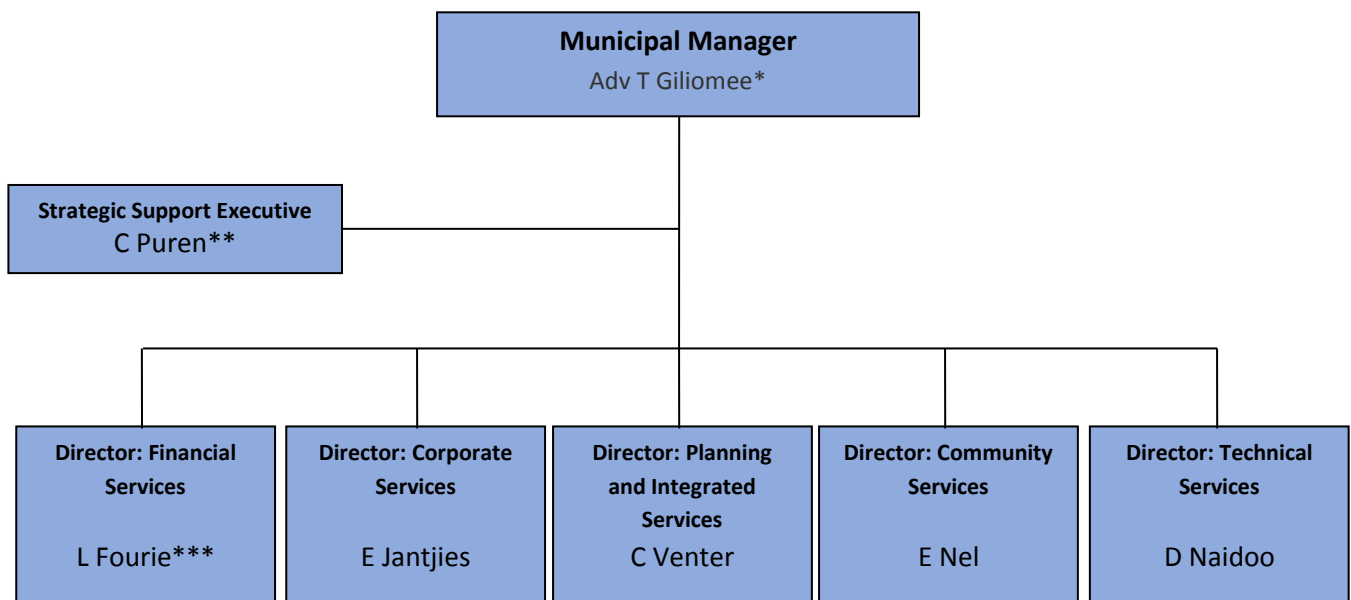
NUMBER OF RECOMMENDATIONS	2016/2017
Planning and Integrated Services Committee	83
Technical Services Committee	6
Community Services Committee	34
Financial Services Committee	29
Corporate and Government Services Committee	32
Socio-economic and Tourism Committee	47
Total number of recommendations	231

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 60 (b) of the Municipal Finance Management Act states that the Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures, political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The macrostructure of the Mossel Bay Municipality with the incumbent heads of department at the end of the 2016/2017 financial year was as follows:



*\*Adv T Giliomee started in the position on 1 December 2016. Mr H Hill acted as Municipal Manager for the period 1 July 2016 – 30 November 2016.*

*\*\*Mr C Puren started in the position on 1 June 2016, after the retirement of Mr H Hill. Mr C Puren reached a settlement agreement with the Municipality after being dismissed from the position of Director: Community Services.*

*\*\*\*Mr L Fourie was seconded as Acting Chief Financial Officer from George Municipality after the suspension of the Chief Financial Officer, Mr MK Botha.*

## **FUNCTIONS AND RESPONSIBILITIES**

### **2.2.1 DIRECTORATE TECHNICAL SERVICES**

The Directorate is responsible for Water and Sewer, Planning and Support Service (MIG projects and support services), Mechanical Services (Fleet management and telemetry services), Electrical Network Services (provision of electricity and the maintenance of electrical services) and Electrical Planning and Customer Services.

### **2.2.2 DIRECTORATE COMMUNITY SERVICES**

The Directorate is responsible for the provision of Cleansing, Environmental Health Services not provided by the Eden District Municipality, Community Safety, Fire and Rescue Services, Sport, Recreation and Facilities and Library Services.

### **2.2.3 DIRECTORATE CORPORATE SERVICES**

The Directorate is responsible for support services, which include the Secretariat, Typing Services, Archives, Switchboard and Cleaning, Human Resources, the Integrated Development Plan, Planning and Strategic Services, Employment Equity and Performance Management System, Socio-Economic Development (Local Economic Development, Youth Development and Ward Committees), Information Technology and Tourism.

### **2.2.4 DIRECTORATE FINANCIAL SERVICES**

The Directorate is responsible for Financial Administration (Budget, Credit Control, Cash Flow Management, Loans, Investments), Income, Expenditure and Supply Chain Management.

The Budget Office, which was established as required in terms of the Municipal Finance Management Act, No 56 of 2003, is housed in this Directorate.

### **2.2.5 DIRECTORATE PLANNING AND INTEGRATED SERVICES**

The Directorate is responsible for Planning and Development (Strategic Planning and Development Control) as well as Human Settlement, Building Control (Building Plan Examination, Building Inspectorate, Municipal Buildings and Property, Outdoor Advertisements and Property Evaluations.

In addition to doing its own spatial development planning and exercising control over Council property, development, building activities and outdoor advertising, an information service is provided to property owners and developers.

The Municipal Manager and the Directorate Heads meet formally every second Monday to review service delivery issues and reports that must be submitted to the Mayoral Committee or Council in terms of delegated powers, as well as on organisational management matters.

The management team meets formally with the Mayoral Committee on a regular basis to ensure that the decision-making process is expedited to enhance service delivery. Each Director also interacts with his or her Mayoral Committee Member on a more regular basis for the same purpose.

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.3 INTERGOVERNMENTAL RELATIONS

#### NATIONAL INTERGOVERNMENTAL STRUCTURES

The Mossel Bay Municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the Municipality maintains good co-operative and intergovernmental relations with its district and neighbouring municipalities, provincial authority, national government and intergovernmental agencies.

#### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Mossel Bay Municipality actively participates in various Intergovernmental Relations activities in the district and province. The Municipality delegates officials and Councillors to the following forums:

INTERGOVERNMENTAL RELATIONS FORUMS		
Forum	Frequency	Directorate
Municipal Managers Forum	Quarterly	Office of the Municipal Manager
SALGA Working Groups	Quarterly	Relevant Directorate and Portfolio Councillor
Premier's Coordinating Forum (PCF)	Quarterly	Office of the Mayor and Office of the Municipal Manager
Legal Advisers Forum	Quarterly	Office of the Municipal Manager
Provincial IDP Managers Forum	Quarterly	Corporate Services
Provincial Training Committee Meeting	Bimonthly	Corporate Services
Human Resources Forum	Quarterly	Corporate Services
Disaster Management Forum	Quarterly	Community Services
Environmental Health Forum	Quarterly	Community Services
Local Economic Development Forum	Quarterly	Corporate Services
Predetermined Objective Forum	Quarterly	Corporate Services
Provincial Thusong Service Centre Managers Forum	Quarterly	Corporate Services
Municipal Governance Review and Outlook Forum (MGRO)	Quarterly	Corporate Services and Financial Services
Provincial IDP Indaba	Biannual	Corporate Services
Provincial LGMTEC Engagements	Annual	Corporate Services / Financial Services

## RELATIONSHIPS WITH MUNICIPAL ENTITIES

The Mossel Bay Municipality does not have any municipal entities.

## DISTRICT INTERGOVERNMENTAL STRUCTURES

DISTRICT INTERGOVERNMENTAL STRUCTURES		
Forum	Frequency	Directorate
District Coordinating Forum (DFC)	Quarterly	Office of the Mayor and Office of the Municipal Manager
District IDP Managers Forum	Quarterly	Corporate Services
Local Economic Development Forum (DFC)	Quarterly	Corporate Services
South Cape Business Forum (SCEP) Tourism	Quarterly	Corporate Services

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Council interacts with its stakeholders by means of ward committees, budget and Integrated Development Planning (IDP) meetings. Public and stakeholder engagements are an ongoing process throughout the year. The Municipality ensures that these meetings are well attended by informing the public and stakeholders on time and in their local languages. This also ensures meaningful and constructive participation.

All documents that are required to be made public in terms of the Municipal Systems Act (MSA) are placed on the municipal website. Public meeting schedules are also placed on the website and are also advertised through local newspapers, posters and loud hailing. Public meetings include Council meetings, Ward Committee meetings and budget and IDP meetings.

#### 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

#### Integrated Development Plan (IDP)

In order to ensure that the real needs of the people residing within the municipal area are reflected in the IDP, 41 public IDP engagement sessions were held across all 14 Wards in the year under review.

These public engagement sessions present the opportunity and platform to all citizens and those who have vested interest in Mossel Bay to review the service delivery needs and priorities of the ward in which they reside, ultimately shaping the IDP according to their needs and interests.

The 2016/17 public participation and Ward Committee programme, which gives effect to the implementation of Council's Marketing Plan is outlined below:

METHOD OF COMMUNICATION	PURPOSE OF ENGAGEMENT	FREQUENCY: 2016/17
<b>Ward Committee Meetings</b>	- Continuously inform constituents about the objectives and performance of Council through Ward Committees. - Discuss standard of municipal service delivery in ward and notify Councillor of specific problems that need attention. - Report on specific portfolio matters for assistance and guidance.	Ongoing
	- Strengthen community involvement and participation in IDP, Budget, and Performance Management (SDBIP) processes.	Quarterly:

METHOD OF COMMUNICATION	PURPOSE OF ENGAGEMENT	FREQUENCY: 2016/17
	- The following documents (in draft stage) are discussed with Ward Committees to obtain input and comments: IDP and Budget Process Plan, IDP, Budget, Top-Layer SDBIP, Quarterly and Mid-Year Performance Reports	12 – 21 September 2016 7 – 16 November 2016 23 – 01 February 2017 02 - 12 April 2017
<b>Ward Councillor Report Back Meetings</b>	Ward Councillors report back to community in ward on quarterly municipal performance and any municipal service-related matter. The platform is also used to engage Ward Councillors and to raise matters of concern, which the administration needs to attend to.	15-16 March 2017
<b>IDP / Budget Public Roadshows</b>	- Compilation of 2017-2022 IDP and obtain public input and service delivery and development priorities. - Consult public on draft budget for input and comment and communicate approved budget and tariff increases	26 September – 26 October 2016 04 April– 04 May 2017

The table below indicates the number of people as per signed attendance registers that participated in the IDP review process across all 14 Wards of the Municipality over the past three financial years:

2012/2013	2013/2014	2014/2015	2015/16	2016/17
1 034	566	1347	657	877

The prescribed by the Council's marketing policy, the IDP Public consultation sessions were communicated using multiple methods to enhance attendance. The communication methods used were as follows:

- Adverts in local newspapers.
- Radio interviews at local radio stations.
- Distribution of flyers to households, churches and schools.
- Posters.
- Loudhailing.

The IDP public engagement sessions were generally well attended, although the attendance was lower than expected in some wards.

## WARD COMMITTEES

The Mossel Bay Municipality uses the Ward Committee system comprehensively to develop the flow of information between the Municipality, the community and vice versa.



This is to allow public participation in matters of the Municipality such as the IDP, budget and implementation thereof as well as focusing on ward-based needs analyses, project identification and prioritisation and performance monitoring.

All 14 Ward Committees had the following activities from 1 July 2016 - 30 June 2017:

- Scheduled quarterly Ward Committee meetings
- Three training / capacity-building sessions
- On grounds of Councillor report back meetings
- Ward Committee Summit

WARD COMMITTEE CAPACITY BUILDING SESSIONS		
Date	Number of attendees	Topics covered
13 October 2016	134	<ul style="list-style-type: none"> <li>• Introduction of Councillors</li> <li>• Purpose of Induction/ Overview of Programme</li> <li>• Opening and Welcoming</li> <li>• Keynote address</li> <li>• Overview of the Municipality and Municipal Functions</li> <li>• Roles and Responsibilities of Ward Committees</li> <li>• Interpretation of the: <ul style="list-style-type: none"> <li>○ Ward Committee Policy</li> <li>○ Ward Committee meetings rules of order</li> <li>○ Ward Committee code of conduct</li> <li>○ Ward Committee Stipend / Allowances / Out-of-Pocket Expenses</li> </ul> </li> <li>• Signing of Code of Conduct</li> <li>• Photoshoot</li> <li>• Overview: Ward Committee Operational Plan: 2016/2017</li> <li>• Sub-Committee Meetings / Sector Meetings</li> <li>• Wrap-up and Way forward</li> </ul>
05 – 12 November 2016	116	<ul style="list-style-type: none"> <li>• Setting the Scene: Purpose and Outcomes of the Session</li> <li>• PACA Process</li> <li>• Ward SWOT Analysis</li> <li>• SWOT Presentations per Ward</li> <li>• Identification of Existing Service Delivery Levels and Available Infrastructure</li> <li>• Identification of Service Delivery Needs/ Development Objectives / Prospective Projects</li> <li>• Presentations per Ward</li> <li>• Identification of Important Sectors/ Allocation of Responsibility</li> <li>• Conclusion and Way forward</li> </ul>
18 February 2017	98	<ul style="list-style-type: none"> <li>• Centre of Excellence: Study Programmes</li> <li>• The Athena Learnership</li> </ul>

WARD COMMITTEE CAPACITY BUILDING SESSIONS		
Date	Number of attendees	Topics covered
		<ul style="list-style-type: none"> <li>Public Consultation on Draft Spatial Development</li> <li>Ward Committee Establishment: Ward Assessment Determination of Block Boundaries within Ward</li> <li>Information sharing: New Processes Regarding Indigent Households</li> </ul>
20 May 2017	110	<ul style="list-style-type: none"> <li>Announcements and Overview of Programme</li> <li>Keynote Address</li> <li>Address by the Municipal Manager</li> <li>Provincial Government: Public Participation Directorate</li> <li>Provincial Government</li> <li>Community Development Workers Directorate</li> <li>Overview of Financial Services Directorate</li> <li>Legislative Mandate, Functions and Responsibilities</li> <li>Overview of Community Services Directorate</li> <li>Legislative Mandate, Functions and Responsibilities</li> <li>Overview of Technical Services Directorate</li> <li>Legislative Mandate, Functions and Responsibilities</li> <li>Overview of Planning and Integrated Services Directorate</li> <li>Legislative Mandate, Functions and Responsibilities</li> <li>Overview of Corporate Services Directorate</li> <li>Legislative Mandate, Functions and Responsibilities</li> <li>Word of Thanks</li> <li>Closure and way forward</li> </ul>

PUBLIC MEETINGS						
Nature and purpose of meeting	Date	Councillors	Municipal Staff	Attendance	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward Committee Meetings (14 Wards) for 2016/2017 IDP	12 – 26 September 2016	14	12	152	Yes	Feedback given at next Ward Committee meeting – 07 – 16 November 2016

PUBLIC MEETINGS						
Nature and purpose of meeting	Date	Councillors	Municipal Staff	Attendance	Issue addressed (Yes/No)	Dates and manner of feedback given to community
IDP Public Engagement - Community Needs Analysis for 2017 - 2022 IDP and Budget	26 September – 26 October 2016	14	10	877	Yes	Feedback given at next Ward Committee meeting – Needs Analysis – 07 – 16 November <b>2016</b>
Ward Committee Meetings (14 Wards) Prioritisation of Community Needs / Project Identification for 2016/17 Budget Cycle	07 – 16 November 2016	11	12	151	Yes	Feedback given at Ward Committee meetings between 23 January and 01 February 2017.
Ward Committee Meetings (14 Wards) Discuss Municipal Annual Report 2016	23 January – 01 February 2017	14	9	168	Yes	Feedback given at next Ward Committee Meeting – April 2017
Ward Councillor Quarterly Report Back Meetings	06 – 15 March 2017	2	12	99	Yes	Feedback given at next report back meeting
Ward Committee Meetings (14 Wards). Consultation on Draft 2016/17 IDP 4 <sup>th</sup> Review and Municipal Budget	02 – 12 April 2017	14	13	165	Yes	Written feedback to Ward Committee members.
IDP Public Engagement – Workshop of draft 2017 - 2022 IDP and Budget	<b>14</b>	<b>10</b>		<b>Yes</b>		Feedback given at the next Ward Committee IDP Meetings.
Ward Councillor Quarterly Feedback Meetings	07 – 08 June 2017	4	4	149	Yes	Feedback given at next report- back meeting

## COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

The public is updated through public meetings of municipal processes such as the IDP and the budgeting processes. In this way, they are also enabled to participate in them. The public meetings provide an effective platform to communicate service delivery issues and changes that directly affect the public, such as the tariff increases. Through these meetings, the Municipality is then placed in a position to identify gaps and issues which frustrate the public so that it can improve on them. The meetings also serve to identify the areas in which it does well.

### 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPI's, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPI's in the strategic plan?	Yes
Do the IDP KPI's align to the Section 57 Managers	Yes
Do the IDP KPI's lead to functional area KPI's as per the SDBIP?	Yes
Do the IDP KP'Is align with the provincial KPI's on the Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarterLY aligned reports submitted within stipulated time frames?	Yes

## **COMPONENT D: CORPORATE GOVERNANCE**

### **2.6 RISK MANAGEMENT**

Section 62 of the Local Government: Municipal Finance Management Act stipulates that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Municipality has a fully functional Fraud and Risk Management Committee, which meets on a quarterly basis. The Committee reports to the Audit Committee, who has an oversight function over the Fraud and Risk Management Committee.

Council has on recommendation of the Fraud and Risk Management Committee adopted various policies to assist with risk management within the Municipality and includes a Risk Management Policy, Risk Management Strategy, Fraud and Risk Management Committee Charter and an Anti-Fraud and Corruption Prevention Policy. The Committee annually approves a Fraud and Risk Management Implementation Plan setting out the Committees' actions for the relevant year.

The Municipality undertakes an annual risk assessment where the risks with a residual risk rating above twenty where the ability to control is either medium or high, are identified and action plans are developed to mitigate these risks. Seventeen (17) risks were identified for 2016 namely:

1. Regional landfill not in operation within legal timeframes.
2. Vandalism/Theft of Council property.
3. Inadequate skills and capacity of senior staff to provide strategic vision to the organisation with regard to IT hardware, software, systems and networks.
4. Effluent discharge not complying to standards.
5. Illegal electrical connections.
6. Inadequate systems to detect and prevent security access risk with regard to Firewall (Intrusion Detection Systems (IDS) vs Intrusion Prevention Systems (IPS).
7. Public unrest/riots.
8. Ageing infrastructure hampering delivery of effective municipal services.
9. Excessive unaccounted for water/water losses.
10. Management of invasion of municipal and private land.
11. Inadequately managed waste sites.
12. Inadequate tourism development resulting in decreased tourism figures.
13. Lack of diversified economic activity.
14. Over-dependency on key personnel.

15. Lack of co-operative governance on district, provincial and national level.
16. Financial feasibility in the long term.
17. Inadequate management of performance of contracts by all Directorates.

The Directors of the Municipality are also the Risk Champions of their respective Directorates and are in the best position to mitigate the abovementioned risks. They must report to the Fraud and Risk Management Committee quarterly on progress made with the risk action plans.

The Fraud and Risk Management Committee also adopted KPI's for the Committee with quarterly targets that are aligned to the Fraud and Risk Management Implementation Plan, thus ensuring that the Committee functions optimally.

## **2.7 ANTI-CORRUPTION AND FRAUD**

### **FRAUD AND ANTI-CORRUPTION STRATEGY**

An Anti-Fraud and Corruption Prevention Policy has been adopted by Council and was revised to make provision for an Anti-Fraud Hotline which was implemented in collaboration with the Eden District Municipality. No incidents of fraud or corruption were received during the year.

The objective of this policy is to develop and foster a climate within the Mossel Bay Municipality where all employees strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of the full spectrum of both proactive and reactive measures at their disposal, and strive actively to gain the support of the public in this endeavour.

This policy also sets down the stance of the Municipality to fraud as well as reinforcing existing regulations aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts persist.

The goal of fraud and corruption prevention within the Municipality is to manage the susceptibility to risk with a view to reducing it and to raise the level of fraud awareness amongst employees and other stakeholders.

The policy is also intended to communicate the Municipality's commitment to eliminate fraud and that the Municipality supports and fosters a culture of zero tolerance to fraud and all its activities. Through this policy, the Municipality undertakes to combat all forms of fraud and corruption, as well as to remain proactive in the fight against fraud.

## **2.8 SUPPLY CHAIN MANAGEMENT**

### **INTRODUCTION**

All high capacity municipalities were required to implement the Supply Chain Management Regulations to the Municipal Finance Management Act, No 56 of 2003, on 1 October 2005 and to have a new Supply Chain Management (SCM) Policy in terms of the Regulations in place by the same date.

The Municipality met the requirements with regard to the adoption of a policy and also implemented the prescribed procurement procedures to ensure that all legal requirements were met.

### **SCM POLICY**

The Policy, which is based on the model policy prescribed by the National Treasury, was reviewed in the 2015/2016 financial year for the 2016/2017 period. The revised Policy incorporated recommendations by the Municipality's internal auditors, the Auditor-General and directives from the Provincial and National authorities .

Council approved the revision of the Supply Chain Management Policy on 29 May 2016 (resolution number E89-05/2016). It came into effect on 1 July 2016 for the 2016/2017 financial year.

The policy was revised again during 2016/2017 as prescribed and Council approved the revision of the Supply Chain Management Policy on 31 May 2017 (resolution number E88-05/2017) that will come into effect on 1 July 2017 for the 2017/2018 financial year.

The changes to the Preferential Procurement Policy Framework Act, which came into effect on 1 April 2017, were incorporated or mentioned in the revised Policy for the 2017/2018 financial year. The inclusion of a Model Policy for the Infrastructure Procurement and Delivery Management also formed part of the new adopted policy.

### **BID COMMITTEES**

The members of the bid committees are all delegated and appointed in terms of legislation and the bid committees function well. The Deputy Town Treasurer: Mr H Le Roux is appointed as the chairperson of the Bid Evaluation Committee with the retirement of the long-serving previous Chairperson, Mr H Hill.



All members of the Bid Specification, Bid Evaluation and Bid Adjudication Committees are delegated in writing by the Municipal Manager to serve on these respective committees. These delegations are accepted in writing and record thereof is available.

The Bid Adjudication Committee is the only standing bid committee. The following persons served permanently on the committee:

- |                                    |  |
|------------------------------------|--|
| • Mr LouiS Fourie (Chairperson)    | : Acting Chief Financial Officer             |
| • Mr D Naidoo (Deputy Chairperson) | : Director: Technical Services               |
| • Mr E Jantjies                    | : Director: Corporate Services               |
| • Mr C Venter                      | : Director: Planning and Integrated Services |
| • Ms E Nel                         | : Director: Community Services               |
| • Ms M Jacobs                      | : Head: Expenditure                          |
| • Mr D Scholtz                     | : Manager: Supply Chain Management           |

Various officials served from time to time as members of the Bid Adjudication Committee while they were acting in positions of officials that serve on the Bid Adjudication Committee. These officials were duly delegated to be members.

#### SCM UNIT

On 30 June 2017 there was only one vacant position that is currently budgeted for and on the organogram. Of the two posts that became vacant during the financial year, namely Administrative Officer: Formal Written Quotations and Manager: Supply Chain Management, only the latter was filled in April 2017. A request for a transfer is currently being processed that will see the Administrative Officer: Formal Written Quotations being filled while the position of Administrative Officer: Logistics will remain vacant in the new financial year. The position of a new Clerk: Buyer has been budgeted for for in the 2017/2018 financial year.

#### ACCREDITED SUPPLIER DATABASE

The Mossel Bay Municipality, as well as the other municipalities in the Western Cape, has begun using the Central Supplier Database with effect from 1 July 2016. Only in extreme occasions will the the Western Cape Supplier Database (WCSD) be used.

#### TENDER AWARDS

A total of 107 tenders, compared to 134 the previous year, were awarded during the 2016/2017 financial year. This amount includes validity extensions from previous financial years.

#### CONCLUSION

The 2016/2017 financial year was once again a very good year for the SCM unit. The Mossel Bay Municipality received its sixth consecutive clean audit from the Auditor-General of South Africa and SCM proudly contributed to that.

All SCM officials continuously make an effort to improve systems and to streamline processes and procedures, but at the same time remain compliant with all applicable legislation. The SCM unit functions very well and the Mossel Bay Municipality is frequently praised at the Western Cape Provincial SCM Forum as well as on other platforms. It is considered as a leading municipality in the field of SCM and its processes are often used as “best-practice” examples. Municipalities from the Northern Cape, KwaZulu-Natal, Gauteng and the Eastern Cape as well as in the Western Cape and the Eden District contact us for assistance on a regular basis.

## 2.9 BY-LAWS

BY-LAWS INTRODUCED DURING 2016/2017					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Mossel Bay Municipality Zoning Scheme By-Law	New - in process	Yes	October/November 2016		

### COMMENT ON BY-LAWS:

Municipal By-Laws are adopted in terms of Sections 12,13 and 14 of the Local Government: Municipal Systems Act, No. 32 of 2000. These sections prescribe the legislative process that must be followed before Council may adopt and implement a by-law in its area of jurisdiction.

The process entails public participation whereby the draft by-laws are open to the public for comments, objections or representations. The Municipality also conducts workshops with the public within the municipal district to enable as many people as possible to attend, be informed and provide comments.

Once the public participation process is finalised the draft by-law is tabled at a Council Meeting where Council approves the by-law after consideration of any comments received. The approved by-law is then promulgated in the Provincial Gazette for general information and a notice is placed in the local newspaper informing the public of the promulgated by-law and its commencement date.

Every by-law is enforced by the relevant Directorate responsible for its implementation and if need be, non-compliance is referred to Legal Services and if necessary to the Municipal Court.

## 2.10 WEBSITES

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL	
Documents published on the Municipality's / Entity's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous Annual Report (2016)	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2013) and resulting scorecards	Yes
All Supply Chain Management contracts above a prescribed value for 2017	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2017	Yes
All quarterly reports tabled in the council in terms of section 52 (d) during 2017	Yes

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

The Municipality's website address is <http://www.mosselbay.gov.za>. All information required by law as well as general information on the Municipality is placed on the website.

Each department within the Municipality has a trained administrator with access to the website to upload documents and information relevant to the particular department.

## **CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)**

### **COMPONENT A: BASIC SERVICES**

#### **3.1 WATER PROVISION**

##### **INTRODUCTION TO WATER PROVISION**

The water services infrastructure consists of various raw water sources including the Wolwedans Dam, Klipheuwel Dam, Ernest Robertson Dam as well as boreholes. Raw water pipelines convey the untreated water to a total of seven water purification plants situated throughout the municipal area. From the various water purification plants, as well as a desalination plant, the treated water is pumped via 30 pump stations into 55 reservoirs.

The total design capacity for the seven water purification plants, as well as the desalination plant, is 72,3 Megalitres per day. The average daily volume of water purified, during the 2016/2017 financial year was 21,9 Megalitres per day. The water usage increased to 30,75 Megalitre per day during December 2016. This means that there is between 50.4 and 41.5 Megalitre per day spare capacity available.

The 2016/17 financial year incorporated various actions that contributed towards the reduction of real losses in the Mossel Bay water network. This was accomplished through pressure-management infrastructure installations, reservoir-outlet monitoring and top-consumer metering refurbishments.

The mentioned activities and the achieved outcomes are summarised:

- Investigation of eight potential pressure-management zones;
- Installation of one new pressure-reducing valve, including full-specification chambers and by-pass systems;
- The refurbishment or replacement of four pressure-reducing valves and necessary components;
- The refurbishment of 22 meters as part of the top-100 consumer audit;
- The installation and refurbishment of seven meters as part of the reservoir outlet meters;
- The installation of i2O GSM network loggers on eight reservoir outlet meters;
- Leak Detection of Seemeeu Park and Luthuli Park;
- The management of construction activities on reservoir outlet meters, pressure-reducing valves, pressure-management zones and chambers as well as commissioning of all devices.

The water and sewer system in the municipal area is run by a sophisticated Adroit SCADA Telemetry system. The system is controlled by a main computer and backed up by a “hot standby” computer. The system operates through wireless and radio links making use of the latest technology and equipment on the market.

The main function of the system is to control and monitor the levels in reservoirs and sewer sumps and to run Waste Water Treatment Works and Purification Plants automatically. Pumps and equipment are automatically switched on and off as the demand requires. Alarms such as high or low alarms are automatically activated and diverted to personnel in the different sections.

The latest addition to the Telemetry system was the introduction of security cameras to the system. Nineteen cameras were installed at strategic sites that not only gives a live picture, but has the facility to record any movements for further references.

The following provides details of activities regarding the water networks:

New water connections = 431.

Burst water pipelines repaired = 501.

Water meter related repair work = 1054.

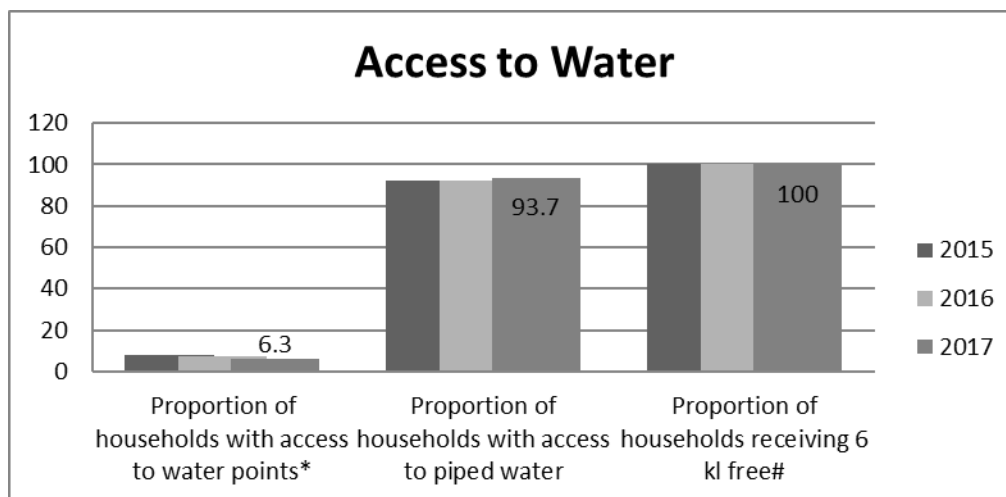
Water meter older than ten years are replaced throughout the municipal area, on a continuous basis, as part of the water meter replacement program. The total number of water meters replaced during the 2016/2017 financial year were 882.

Old valves are replaced throughout the municipal area, on a continuous basis, to ensure that areas can be properly isolated when burst water pipes occur.

WATER SERVICE DELIVERY LEVELS				
Description	2014 Actual No.	2015 Actual No.	2016 Actual No.	Households 2017 Actual No.
<u>Water:</u> (above min level)				
<b>Piped water inside dwelling</b>	31 085	31 888	32 422	33802
<b>Piped water inside yard (but not in dwelling)</b>	–	–	–	–
<b>Using public tap (within 200m from dwelling)</b>	137	137	137	–
<b>Other water supply (within 200m)</b>	2 285	2 285	2 285	2 285
<b>Minimum Service Level and Above Sub-Total</b>	33 507	34 310	34 844	36 087
<b>Minimum Service Level and Above Percentage</b>	100%	100%	100%	100%
<u>Water:</u> (below min level)				
<b>Using public tap (more than 200m from dwelling)</b>	–	–	–	–

WATER SERVICE DELIVERY LEVELS				
Description	2014 Actual	2015 Actual	2016 Actual	Households 2017 Actual
	No.	No.	No.	No.
<b>Other water supply (more than 200m from dwelling)</b>	–	–	–	–
<b>No water supply</b>	–	–	–	–
<b><i>Below Minimum Service Level Sub-Total</i></b>	–	–	–	–
<b><i>Below Minimum Service Level Percentage</i></b>	0%	0%	0%	0%
<b>Total number of households*</b>	<b>33 507</b>	<b>34 310</b>	<b>34 844</b>	<b>36 087</b>

HOUSEHOLDS - WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM				
Description	2014 Actual	2015 Actual	2016 Actual	Households 2017 Actual
	No.	No.	No.	No.
Formal Settlements				
<b>Total households</b>	31 085	31 888	32 422	33 802
<b>Households below minimum service level</b>	–	–	–	–
<b>Proportion of households below minimum service level</b>	0%	0%	0%	0%
Informal Settlements				
<b>Total households</b>	2 422	2 422	2 422	2 285
<b>Households to below minimum service level</b>	–	–	–	–
<b>Proportion of households to below minimum service level</b>	0%	0%	0%	0%



FINANCIAL PERFORMANCE 2017: WATER SERVICES					
Details	R'000				
	2016 Actual	Original Budget	2017 Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	123 337	121 975	133 072	140 732	13%
<b>Expenditure:</b>					
<b>Employees</b>	20 778	23 216	21 246	21 789	-7%
<b>Repairs and Maintenance</b>	5 001	4 159	4 169	3 315	-25%
<b>Other</b>	58 661	61242	64 769	56 043	-9%
Total Operational Expenditure	84 440	88 617	90 184	81 147	-9%
Net Operational Expenditure	-38 897	-33 358	-42 888	-59 585	44%

CAPITAL EXPENDITURE 2017: WATER SERVICES					
Capital Project	R' 000				
	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	30 501	29 249	27 493	-11%	
<b>Replacement of electrical plant and equipment- Ruiterbos</b>	60	–	–	–	
<b>Upgrading of the Ruiterbos WTW</b>	500	220	196	-155%	
<b>Furniture, Tools &amp; Equipment</b>	–	1	1	100%	
<b>Machinery &amp; Equipment (New)</b>	50	50	39	-28%	
<b>Machinery &amp; Equipment (Replacement)</b>	30	30	18	-71%	
<b>Replacement of Vehicles</b>	300	300	233	-29%	
<b>New inline turbidity meters at Little Brak River water works sand filters</b>	550	465	465	-18%	
<b>Pipework -Little Brak River</b>	600	687	600	0%	
<b>Mechanical Plant &amp; Equipment-Little Brak River</b>	600	181	–	–	
<b>Laboratory Instrumentation and Equipment</b>	100	189	189	47%	



CAPITAL EXPENDITURE 2017: WATER SERVICES					
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
R' 000					
<b>Mechanical Plant &amp; Equipment-Sandhoogte</b>	600	430	419	-43%	
<b>Replacement of Electrical Plant and Equipment-Sandhoogte</b>	250	–	–	–	
<b>Motorised gate</b>	–	26	19	100%	
<b>Pipework -Great Brak River</b>	500	465	465	-8%	
<b>Upgrading of Friemersheim WTW</b>	500	306	173	-189%	
<b>Replacement of Electrical Plant and Equipment-Friemersheim</b>	200	200	170	-18%	
<b>New Connections</b>	500	500	570	12%	
<b>Furniture &amp; Office Equipment</b>	45	45	19	-139%	
<b>Telemetry: Expansion New System</b>	200	199	199	0%	
<b>New Multi-purpose Trailer</b>	45	40	39	-15%	
<b>Replace Water Network Lines-All Areas</b>	2 918	1 918	1 873	-56%	
<b>Replace Water Network Lines-All Areas</b>	732	732	732	0%	
<b>New 2-way Radios (Water Distribution Services)</b>	30	33	30	-2%	
<b>Increase water supply pipe diameter to De Lange Extension</b>	200	261	17	-1045%	
<b>Extend Friemersheim water network</b>	800	875	842	5%	
<b>Replacement of Vehicle: CBS 33238</b>	300	279	271	-11%	
<b>New pipeline between Langeberg pump station and Bartelsfontein reservoir</b>	2 947	2 947	2 948	0%	
<b>Water Management Solutions</b>	2 000	2 930	2 861	30%	
<b>Replacement of Fencing at Reservoirs</b>	500	520	512	2%	

CAPITAL EXPENDITURE 2017: WATER SERVICES					
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
					R' 000
Upgrade of Water Supply Pipeline from Little Brak River WTW to Langeberg Reservoirs	6 926	6 926	6 926	0%	
Upgrade of Water Supply Pipeline from Little Brak River WTW to Langeberg Reservoirs	7 265	7 265	6 441	-13%	
Replace one of the pumps at Omega pump station with new one	200	175	175	-15%	
Herbertsdale Middle Income Housing Sites- Water	53	53	52	-1%	
Herbertsdale-Water Pump Station	–	1	–	–	

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

**1. Replace water network pipelines (All areas)** – Due to frequent burst water pipes in KwaNonqaba the following lengths of asbestos cement water pipelines were replaced with new PVC pipes throughout KwaNonqaba: 200 mm diameter = 209 m, 110 mm diameter = 1 345 m, 75 mm diameter = 1 051,5 m. A pressure-reducing valve was also installed to reduce the water pressure in the water distribution system. Various new isolating valves and fire hydrants were also installed.

The available budget for this project was R1 917 854, excluding VAT, and R732 105, excluding VAT. The total expenditure of the project was R1 872 770,90, excluding VAT, and R732 105, excluding VAT.

**2. New pipeline between Langeberg pump station and Bartelsfontein reservoir (Phase 1)** – This is a multi-year project and Phase1 of the project consisted of the installation of the following pipelines: Ductile Iron pipes: 300 mm diameter = 750 m and PVC pipes: 315 mm diameter = 1 721 m. The reason for the new pipeline is to keep up with the growing demand for water by the Mossel Bay community.

The available budget for this project was R2 947 000, excluding VAT (CRR). The total expenditure of the project was R2 947 000, excluding VAT (CRR).

### **3. Upgrade of Water Supply Pipeline from Little Brak Water Treatment Plant to Langeberg Reservoir (Phase 3)**

This project involves the systematic replacement of the existing 400 mm pipeline between the Little Brak River Water Purification Plant and the Langeberg Reservoir, which has been in service for over 30 years and is in a poor condition. Phase 3 of this 800-mm diameter Glassfibre Reinforced Pipe (GRP) pipeline project is a multi-year project spread over the 2016/2017 and 2017/2018 financial years. The total length of pipe that will be installed as part of Phase 3 of this project is 3 200 meters with associated GRP bends, air and scour valves with valve chambers. For the most part the pipeline route is situated within the roadway of a well-established residential area giving rise in the construction cost and due diligence in construction methodology. The reason for this waterline to keep up with the growing demand for water by the Mossel Bay community as well as making it possible to do maintenance to the existing bulk water pipelines without interruptions in the water supply to Mossel Bay. The new pipeline will be able to deliver around 735 l/s to accommodate the additional demand in the Mossel Bay area.

The available budget for this project was R7 265 049, excluding VAT, and R6 926 271, excluding VAT. The total expenditure of the project was R6 431 281,04, excluding VAT, and R6 926 271, excluding VAT.

### **4. Pipework Little Brak River Water Treatment Works**

This project involves the supply, delivery, installation and commissioning of pipe specials and valves including corrosion protection in the Little Brak River Water Treatment Works.

The available budget for this project was R687 022, excluding VAT (CRR). The total expenditure of the project was R600 207, excluding VAT.

### **5. Pipework Sandhoogte Water Treatment Works**

This project involves the supply, delivery, installation and commissioning of pipe specials and valves including corrosion protection at the Sandhoogte Water Treatment Works.

The available budget for this project was R430 300, excluding VAT. The total expenditure of the project was R419 254, excluding VAT.

### **6. Pipework Great Brak River Water Treatment Works**

This project involves the supply, delivery, installation and commissioning of pipe specials and valves, including corrosion protection in the Great Brak River Water Treatment Works. The budget for this project was R465 400, excluding VAT. The total expenditure of the project was R464 541, excluding VAT.

### 3.2 WASTE WATER (SANITATION) PROVISION

#### INTRODUCTION TO SANITATION PROVISION

Sewerage from the consumers is conveyed through approximately 512 km gravity sewer pipelines to 73 sewer pump stations situated throughout the municipal area. From the pump stations the sewerage is pumped through approximately 41 km of rising main pipelines to a total of seven wastewater treatment plants situated throughout the municipal area. The total design capacity for the seven wastewater treatment plants is 22,54 Megalitres per day. The current combined average daily inflow for the seven wastewater treatment plants is 8,14 Megalitres per day.

The following provides details of activities regarding the sewer network:

New sewer connections = 263.

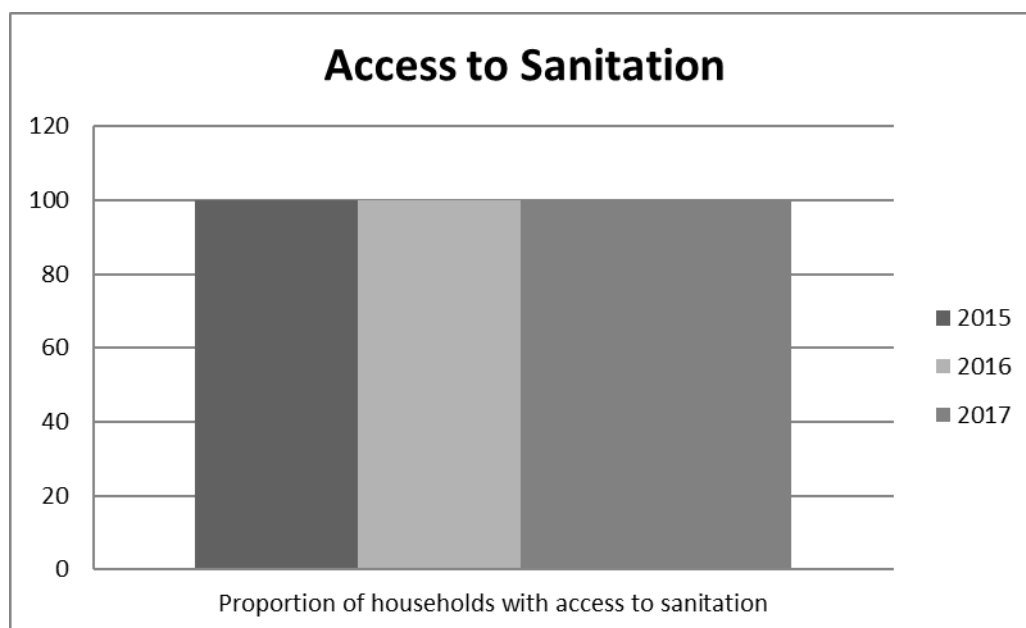
Blockages opened = 3 867.

A high level of blockages occurred in especially the Asla Park and KwaNonqaba areas because of items such as disposable nappies finding their way into the system. Vandalism in the form of rocks, stones and other foreign material thrown into manholes also cause problems periodically. The illegal discharge of foreign object/material into the municipal sewer networks causes unnecessary blockages and adversely impacts on the operation of the Waste Water Treatment Works.

SANITATION SERVICE DELIVERY LEVELS				
Description	2014 Outcome No.	2015 Outcome No.	2016 Outcome No.	*Households 2017 Actual No.
<i>Sanitation/sewerage: (above minimum level)</i>				
<b>Flush toilet (connected to sewerage)</b>	26 097	26 623	27034	28 189
<b>Flush toilet (with septic tank)</b>	5 233	5 285	5431	5 030
<b>Chemical toilet</b>	0	0	0	0
<b>Pit toilet (ventilated)</b>	30	30	30	30
<b>Other toilet provisions (above min service level)</b>	2 285	2 285	2285	2 285
<b>Minimum Service Level and Above sub-total</b>	33645	34223	34780	35 534
<b>Minimum Service Level and Above Percentage</b>	95,9%	99,6%	99,6%	99,0%
<i>Sanitation/sewerage: (below minimum level)</i>				
<b>Bucket toilet</b>	1 422	137	137	350
<b>Other toilet provisions (below min service level)</b>	–	–	–	–
<b>No toilet provisions</b>	–	–	–	–
<b>Below Minimum Service Level sub-total</b>	1422	137	137	350

SANITATION SERVICE DELIVERY LEVELS				
Description	2014	2015	2016	*Households
	Outcome	Outcome	Outcome	2017
	No.	No.	No.	Actual
<b><i>Below Minimum Service Level Percentage</i></b>	4,1%	0,4%	0,4%	1,0%
Total households	<b>35067</b>	<b>34360</b>	<b>34917</b>	<b>35 884</b>

HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	2014	2015	2016	Households		
	Actual	Actual	Actual	Original	2017	Actual
	No.	No.	No.	Budget	Adjusted	No.
Formal Settlement						
<b>Total households</b>	33 645	34 223	34 780	–	–	35 534
<b>Households below minimum service level</b>	0	0	0	–	–	0
<b>Proportion of households below minimum service level</b>	0%	0%	0%			0%
Informal Settlement						
<b>Total households</b>	2 285	2 285	2285	–	–	2 285
<b>Households below minimum service level</b>	137	137	137	–	–	350
<b>Proportion of households to below minimum service level</b>	6%	6%	6%			15%



FINANCIAL PERFORMANCE 2017: SANITATION SERVICES					
Details	2016		2017		R'000
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	74 613	77 784	78 197	79 737	2%
<b>Expenditure:</b>					
<b>Employees</b>	16 548	18 384	19 183	18 966	3%
<b>Repairs and Maintenance</b>	6 660	3 837	4 437	3 479	-10%
<b>Other</b>	29 554	29 996	29 871	34 289	13%
Total Operational Expenditure	52 762	52 217	53 492	56 734	8%
Net Operational Expenditure	-21 852	-25 567	-24 706	-23 003	-11%

CAPITAL EXPENDITURE 2017: SANITATION SERVICES					
Capital Project	2016		2017		R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	22 763	20 969	18 893	-20%	
<b>Increase Pinnacle Point Waste Water Treatment Works Capacity</b>	500	500	442	-13%	
<b>Machinery &amp; Equipment</b>	10	10	1	-1074%	
<b>Instrumentation-Purification Services</b>	500	45	45	-1022%	
<b>Furniture &amp; Office Equipment</b>	20	20	18	-9%	
<b>Computer Equipment</b>	20	20	12	-68%	
<b>Machinery &amp; Equipment</b>	10	10	–	–	
<b>Mechanical Plant and Equipment-Regional Plant</b>	500	–	–	–	
<b>Replacement of Electrical Plant and Equipment</b>	600	–	–	–	
<b>Laboratory Instrumentation and Equipment</b>	115	115	58	-98%	
<b>Rehabilitation of Pond Systems-Regional Plant</b>	1 000	83	50	-1899%	
<b>Fencing and Ancillary Works-Regional Plant</b>	50	50	41	-22%	
<b>New Generator for the Regional WWTW</b>	2 000	–	–	–	

CAPITAL EXPENDITURE 2017: SANITATION SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>New Brush Cutter for the Water and Wastewater Treatment Works</b>	80	56	56	-42%	
<b>Installation of Camera Security System-Regional Plant</b>	140	140	131	-7%	
<b>Upgrading of the Regional WWTW</b>	500	5 207	3 875	87%	
<b>Upgrading of Great Brak River WWTW</b>	400	62	63	-538%	
<b>Installation of camera security system-Great Brak</b>	110	110	87	-26%	
<b>Furniture &amp; Office Equipment</b>	20	20	9	-113%	
<b>Machinery &amp; Equipment</b>	10	–	–	–	
<b>Computer Equipment</b>	25	25	–	–	
<b>Upgrading of Herbertsdale Sewer Pump Station to accommodate New Housing Development</b>	200	400	400	50%	
<b>Increase Sewer Pipeline @ Herbertsdale to accommodate new housing development</b>	900	450	452	-99%	
<b>Replacement of Sewer Pipelines Between Mossel Bay and Hartenbos</b>	1 401	500	444	-216%	
<b>New Generator for Friemersheim Sewer Pump Station</b>	220	160	155	-42%	
<b>New Level-Sensor for Sewer Pit</b>	50	50	43	-16%	
<b>New Connections</b>	300	150	86	-247%	
<b>Upgrade Pump Station at St. Blaze</b>	100	100	81	-23%	
<b>Standby Pump at Harbour Pump Station</b>	200	193	110	-82%	
<b>Upgrade Telemetry</b>	100	100	98	-2%	
<b>Upgrade Entrance Road to Friemersheim Sewer Pump Station</b>	–	35	35	100%	
<b>Midbrak Main Sewer Network</b>	6 500	6 503	6 503	0%	



CAPITAL EXPENDITURE 2017: SANITATION SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Midbrak Main Sewer Network - CRR</b>	–	–	81	100%	
<b>Furniture &amp; Office Equipment</b>	50	50	40	-25%	
<b>New Multi-Purpose Trailer</b>	45	40	39	-15%	
<b>Refurbish New Sewer Lines: D'Almeida</b>	1 000	1 000	893	-12%	
<b>New 2-Way Radios</b>	25	43	40	37%	
<b>Replace Sewer lines: Tarka</b>	500	425	424	-18%	
<b>Replace High Pressure Jetting Machine</b>	500	415	405	-23%	
<b>Construct Retaining Wall on Erf 3877, Menkenkop</b>	500	500	502	0%	
<b>Replacement of Vehicles: CBS 33243</b>	400	340	319	-25%	
<b>Honey Sucker</b>	1 100	964	918	-20%	
<b>Extend Friemersheim Sewer Network</b>	1 500	1 825	1 817	17%	
<b>Capacity increase of Great Brak River WWTW</b>	400	91	41	-874%	
<b>Herbertsdale Middle Income Housing Sites-Sewerage</b>	162	162	79	-106%	

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

**1. Midbrak Main Sewer Network (Phase 2)**

The Midbrak Main Sewer Network was identified and is being implemented as a multi-year project funded from by means of an external loan. Phase 2 of this project consisted of the following:

- i The complete construction of a concrete structure sewerage pump station with associated stainless steel pipe work, solar-powered level control and telemetry system, pavement, block retaining wall and security fence and access gate.
- ii 408 m x 450 mm diameter Glass Fibre Reinforced Pipe (GRP) pipeline.
- iii 100 meter x 160 mm diameter PVC sewer reticulation pipeline.
- iv 2 new sewer manholes were constructed.
- v 4 new sewer house connections were installed.

The available budget for this project was R6 500 000, excluding VAT. The total expenditure of the project was R6 500 000, excluding VAT.

## **2. Extend Friemersheim Sewer Network**

A portion of Friemersheim did not have any sewer reticulation and the following infrastructure was installed in this portion:

- i 790 m x 90 mm and 75 mm HDPE sewer rising mains were installed.
- ii 1120 m x 160 mm diameter PVC gravity main sewer lines were installed.
- iii 77 x 110 mm diameter PVC sewer erf connections were installed.
- iv 24 new manholes were built.
- v 2 new sewer pump stations (submersible installations).

The available budget for this project was R1 825 000, excluding VAT. The total expenditure of the project was R1 825 000, excluding VAT.

**3.** This project involves the upgrading of the Regional Waste Water Treatment Works and the following was installed on the plant:

- i 2x sludge recycle pumps.
- ii 2 x waste pumps.
- iii Splash boards at Reactor 1.
- iv Safety railings at the Dry beds.
- v Refurbishment of maturation Dam 1.

The budget for this project was R5 206 650, excluding VAT. The total expenditure of the project was R3 875 480, excluding VAT.

## **4. Increase Pinnacle Point Waste Water Treatment Works capacity**

This project involves the professional fees for compilation of a condition assessment report for Pinnacle Point Waste Water Treatment Works and the refurbishment of the chlorine room.

The available budget for this project was R500 000, excluding VAT. The total expenditure of the project was R441 727, excluding VAT.

### **3.3 ELECTRICITY**

Electricity is purchased from Eskom with a notified maximum demand of 77,5MVA and is distributed under a NERSA licence to various industrial, commercial and domestic customers.

The peak maximum demand is 65,6MVA with a spare capacity of 11,9MVA for future growth. In 2016/17 electricity was supplied to 33 802 formal households, compared to 31 568 formal households of the previous year.

A total of 589 new connections were made in this financial year.

A total of 27 capital Project was successfully completed in line with the IDP and capital programme and achieved a 98,5% expenditure for the 2016/17 financial year.

A total of 4328 preventative maintenance tasks were completed on electrical equipment to minimise break downs and to improve the quality of supply to all customers.

In addition to the above 23 operations were carried out to remove 258 illegal connections.

ELECTRICITY SERVICE DELIVERY LEVELS				
Description	2014 Actual No.	2015 Actual No.	2016 Actual No.	Households 2017 Actual No.
<i>Energy: (above minimum level)</i>				
<b>Electricity (at least min service level)</b>	4 894	4 767	4 338	4 576
<b>Electricity - prepaid (min service level)</b>	26 564	27 398	27 429	28 677
<b>Minimum Service Level and Above sub-total</b>	31 458	32 165	31 767	33 253
<b>Minimum Service Level and Above Percentage</b>	84.0%	82.2%	73.0%	98.4%
<i>Energy: (below minimum level)</i>				
<b>Electricity (&lt; min service level)</b>				
<b>Electricity - prepaid (&lt; min. service level)</b>	5 980	6 949	11 768	11 438
<b>Other energy sources</b>	–	–	–	0
<b>Below Minimum Service Level sub-total</b>	5 980	6 949	11 768	11 438
<b>Below Minimum Service Level Percentage</b>	16.0%	18.8%	36.6%	33.8%
Total number of households	37 438	39 114	43 535	33 802

HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	2014 Actual	2015 Actual	2016 Actual	Original Budget	2017 Adjusted Budget	Households Actual
	No.	No.	No.	No.	No.	No.
Formal Settlement						
<b>Total households</b>	37 438	37 051	32 167	31 517	31 517	31 517
<b>Households below minimum service level</b>	2 500	2 500	400	9 438	9 438	9 438
<b>Proportion of households below minimum service level</b>	7%	7%	1%	30%	30%	30%
Informal Settlement						
<b>Total households</b>	37 438	37 051	1 800	2 285	2 285	2 285
<b>Households to below minimum service level</b>	1 188	2 386	1 482	2 000	2 000	2 000
<b>Proportion of households to below minimum service level</b>	3%	6%	82%	88%	88%	88%

EMPLOYEES: ELECTRICITY SERVICES					
Job Level	2016 Employees	Posts	2017 Employees	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>T4</b>	20	20	20	20	100%
<b>T5</b>	5	5	5	5	100%
<b>T6</b>	1	1	1	1	100%
<b>T7</b>	7	7	7	7	100%
<b>T10</b>	16	16	16	16	100%
<b>T12</b>	2	2	3	3	150%
<b>T13</b>	2	2	2	2	100%
<b>T14</b>	1	1	1	1	100%
<b>T17</b>	1	1	1	1	100%
<b>Total</b>	55	55	56	56	102%

FINANCIAL PERFORMANCE 2017: ELECTRICITY SERVICES					
Details	2016 Actual	Original Budget	2017 Adjustment Budget	Actual	R'000 Variance to Budget
Total Operational Revenue	39 1507	40 4311	41 7694	41 1880	2%
<b>Expenditure:</b>					
<b>Employees</b>	19 240	21 846	21 270	20 672	-6%
<b>Repairs and Maintenance</b>	6 372	9 999	10 353	9 732	-3%

FINANCIAL PERFORMANCE 2017: ELECTRICITY SERVICES					
Details	2016		2017		R'000
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Other</b>	283 687	303 681	301 515	304 488	0%
Total Operational Expenditure	309 300	335 526	333 138	334 891	0%
Net Operational Expenditure	-82 207	-68 785	-84 555	-76 988	11%

CAPITAL EXPENDITURE 2017: ELECTRICITY SERVICES					
Capital Project	2016		2017		R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	29 122	30 721	30 988	6%	
<b>Furniture &amp; Office Equipment (New)</b>	5	7	7	0%	
<b>Furniture &amp; Office Equipment (Replacement</b>	5	3	3	0%	
<b>Replacement Network Hartenbos</b>	835	827	847	2%	
<b>Replacement Network Low Voltage</b>	100	93	93	0%	
<b>New Connections</b>	1 000	1 410	1 406	0%	
<b>Capital Spares (Replace Mini Substations)</b>	1 250	1 190	1 189	0%	
<b>Replace MV Ring Main Units</b>	1 000	1 040	1 043	0%	
<b>Electrification Project</b>	8 772	10 401	10 401	0%	
<b>Electrification Project - CRR</b>	–		256	100%	
<b>Tools &amp; Equipment</b>	150	143	119	-20%	
<b>Replacement of Vehicles: CBS 33234</b>	340	330	328	-1%	

CAPITAL EXPENDITURE 2017: ELECTRICITY SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Replacement of Vehicles: CBS 33242</b>	340	325	313	-4%	
<b>66kv Overhead Line Upgrade- Intake to South Substation</b>	3 500	3 220	3 167	-2%	
<b>High mast and flood light for various Wards</b>	400	400	375	-7%	
<b>Electrical Workshop Upgrading</b>	150	157	154	-2%	
<b>11 kV Overhead Line Upgrade-Sandhoogte</b>	300	–	–	–	
<b>Saunders 66/11kV Substation</b>	600	–	–	–	
<b>Replace Surge Generator 165kV</b>	500	500	461	-8%	
<b>Replace Low Voltage Network (Little Brak River)</b>	400	350	316	-11%	
<b>Renewable Energy</b>	1 560	2 200	2 045	-8%	
<b>New 10MVA Transformer South Substation</b>	1 000	1 600	1 600	0%	
<b>RMU with Metering Unit at Eskom Second Point of Supply</b>	400	310	297	-4%	
<b>New 11kV Feeder Dana Bay</b>	2 400	2 350	2 293	-2%	
<b>New 11kV Feeder between Midbrak Substation and Great Brak River</b>	970	810	784	-3%	
<b>Install Three Way 630A Outdoor Switchgear at Eskom Substation Great Brak River</b>	400	310	332	7%	

CAPITAL EXPENDITURE 2017: ELECTRICITY SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
Replace LV Overhead Lines with underground cable-Ward 8	700	700	716	2%	
OckertbBothma Substation	800	800	803	0%	
Upgrade Switchgear and Feeder No 1 Mossdusria	200	200	139	-44%	
Replace Switchgear Fraaiuitsig Substation	500	500	410	-22%	
Replace existing Long Street wooden poles with new Street Light Poles	200	180	178	-1%	
Install new 22kV Circuit Breaker at Dup Sub-station (Little Brak River Intake Substation)	200	250	41	-510%	
Donated Asset: Electrical Reticulation Services to Vogelsang Park	–		756	100%	
Furniture & Office Equipment	3	–	(0)	100%	
Computer Equipment	2	7	7	0%	
Machinery & Equipment-New	20	11	11	4%	
Machinery & Equipment-Replacement	20	–	–	–	
Upgrading of Mechanical Workshop	100	97	97	0%	

### Upgrade of 66kV overhead line between Intake substation and South substation

A total length of 1,9km of the 66KV overhead line between Intake substation and Saunders substation was reconstructed. The old section of line was over thirty years old and was very unreliable. The upgrading will provide additional capacity and an improvement in the quality of supply to the Mossel Bay CBD and surrounding areas. The total cost of this project amount to R3 166 629 (excluding VAT).

### **Installation of 30-kW solar system at Technical Services Building**

A 30-kW solar system was successfully installed at the Technical Services Building in George Road as part of the capital programme. This system should be capable to handle the entire load as well as to pump spare energy back into the municipal network during perfect sunny conditions.

The system consists of solar panels, inverter system, battery system and the control system that will display the whole process and the functioning of the system on a TV screen in the foyer. The total cost of the project was R2 045 227, (excluding VAT).

### **Installation of new alternative feeder to Dana Bay area**

A total length of 1,9 in km of 185 m<sup>2</sup> copper cable was installed with a new circuit breaker to establish a ring feed to Dana Bay and reduce the risk of long outages. The project was finalised at a cost of R2 292 814 (excluding VAT).

### **Electrification Project**

The electrification project was undertaken in accordance with the Department of Energy policy guidelines. A total of 443 informal households were electrified in the KwaNonqaba, Asla Park and Great Brak River areas in the 2016/17 financial year. The project involved the installation of medium voltage and low voltage electrical reticulation at a cost of R7 640 351

## **3.4 WASTE MANAGEMENT**

### **INTRODUCTION TO WASTE MANAGEMENT**

The Mossel Bay Municipality strives to achieve target set by the National Government for refuse collection, disposal sites, street cleaning and recycling.

Waste Management is composed of three sections within the Community Services Directorate, namely Waste Removal, Street Cleaning and Transfer Station.

The focus of the Waste Removal Section is the provision of waste removal services to residents on a continuous basis. Waste removal services are delivered on a weekly basis in the Mossel Bay municipal residential areas. The Municipality provides blue and black bags to the resident, with a blue bag being aimed at recycling. Both bags are collected on the waste removal day. Waste removal in the Central Business District takes place daily depending on the number of removals arranged by businesses. Waste removal in the informal areas takes place on a weekly basis.



The Waste Management and Pollution Department engages with Councillors and Ward Committees to provide black refuse bags to residents in the informal settlements. The bags are distributed at points identified by Ward Committees and the Councillor.

Waste services in The Island (Great Brak River), Buisplaas, KwaNonqaba and part of Asla Park, Brandwag, Ruitersbos and Friemersheim were outsourced to private contractors during the year.

The Mossel Bay Municipality has informal agreement with the private partners Rose Foundation and Oil Separation Services, REDISA as well as Outeniqua Waste for the provision of facilities for the collection of used oil, electronic waste and used vehicle tyres. The Municipality hosted three (3) open days for collection and disposal of hazardous waste, including e-waste. The event produced well desired results as the illegal dumping of electronic waste, tyres and oil has reduced drastically.

With the assistance of Nestlé, Breede Gouritz Catchment Area (BGCMA), Eden District Municipality and Department of Environmental Affairs, the Municipality held various clean-up campaigns in the municipal jurisdiction area, the winner being the environment. The challenges regarding illegal dumping are not only immune to this municipality. The Pollution Control held open days at the respective Malls in the area and did door-to-door campaigns in Extension 12, Asla Park, Albert Luthuli Park, Greenhaven and other areas. The Waste Management and Pollution Control Department has also raised awareness during the year by sound waste management at schools and in the community. Each quarter information and awareness sessions were held by the Municipality.

Recycling services are provided to residents on the same day as refuse removal. The total recyclable waste diverted from landfill came to 7,8 per cent of total waste for the 2016/2017 financial year. Considering the cost of compliance for landfilling the Manager of the Department did various radio interviews to promote recycling. Many newspaper articles were also published.

There are four (4) operational waste facilities in Mossel Bay, namely the Louis Fourie Road garden waste site, the KwaNonqaba waste transfer station, the Sonskynvallei waste transfer station and the Great Brak River garden and building waste site. The Department of Environmental Affairs (DEA) has licenced the Louis Fourie Road, Herbertsdale, Buisplaas and Great Brak River waste sites for closure in the future per the recent department compliance audit as well as the external conducted at these sites. The Municipality scored above 75% for each operational site, which indicates proper management of these facilities.

The second-generation Integrated Waste Management Plan (IWMP) was developed and approved during the 2014/15 financial year. This document is a working tool for the Waste Management Department for the next five years. Input regarding the plan has been received from the Department of Environmental Affairs and Development Planning.

SOLID WASTE SERVICE DELIVERY LEVELS				
Description	2014 Actual No.	2015 Actual No.	2016 Actual No.	Households 2017 Actual No.
<i>Solid Waste Removal: (Minimum level)</i>				
<b>Removed at least once a week</b>	29 497	29 784	37 438	43 025
<b>Minimum Service Level and Above sub-total</b>	29 497	29 784	37 438	43 025
<b>Minimum Service Level and Above percentage</b>	98.1%	98.0%	98.2%	98.2%
<i>Solid Waste Removal: (Below minimum level)</i>				
<b>Removed less frequently than once a week</b>	290	300	375	400
<b>Using communal refuse dump</b>	1	1	1	1
<b>Using own refuse dump</b>	0	0	0	0
<b>Other rubbish disposal</b>	290	300	300	380
<b>No rubbish disposal</b>	0	0	0	0
<b>Below Minimum Service Level sub-total</b>	581	601	676	781
<b>Below Minimum Service Level percentage</b>	1.9%	2.0%	1.8%	1.8%
<b>Total number of households</b>	<b>30078.00</b>	<b>30385.00</b>	<b>38114.00</b>	<b>43806.00</b>

HOUSEHOLDS - SOLID WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	2014 Actual No.	2015 Actual No.	2016 Actual No.	Original Budget No.	2017 Adjusted Budget No.	Households Actual No.
Formal Settlements						
<b>Total households</b>	28 025	37 438	39 963	31 075	31	31 075
<b>Households below minimum service level</b>	0	0	7154	0	0	0
<b>Proportion of households below minimum service level</b>	0%	0%	18%	0%	0%	0%
Informal Settlement						
<b>Total households</b>	28 025	0	1 800	1 800	1 800	1 800
<b>Households to below minimum service level</b>	0	0	0	614	614	614
<b>Proportion of households to below minimum service level</b>	0%	0%	0%	34%	34%	34%

EMPLOYEES: SOLID WASTE MANAGEMENT SERVICES					
Job Level	2016		2017		
	Employees	Posts	Employees	Vacancies (fulltime equivalent)	Vacancies (as a % of total Posts)
	No.	No.	No.	No.	%
<b>0 - 3</b>	73	192	73	192	100%
<b>4 - 6</b>	4	8	4	8	100%

EMPLOYEES: SOLID WASTE MANAGEMENT SERVICES					
Job Level	2016 Employees	Posts	2017 Employees	Vacancies (fulltime equivalent)	Vacancies (as a % of total Posts)
	No.	No.	No.	No.	%
<b>7 - 9</b>	8	17	8	19	112%
<b>10 - 12</b>	4	5	4	3	60%
<b>13 - 15</b>	1	1	1	1	100%
<b>16 - 18</b>	1	1	1	0	0%
<b>19 - 20</b>	0	0	0	0	–
<b>Total</b>	90	222	90	223	100%

FINANCIAL PERFORMANCE 2017: WASTE MANAGEMENT SERVICES					
Details	R'000				
	2016 Actual	Original Budget	2017 Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	49568	51060	51317	54259	6%
<b>Expenditure:</b>					
<b>Employees</b>	13281	15598	14612	14473	-8%
<b>Repairs and Maintenance</b>	1992	2133	2704	2623	19%
<b>Other</b>	26908	25122	26030	22377	-12%
Total Operational Expenditure	42181	42852	43345	39473	-9%
Net Operational Expenditure	-7387	-8208	-7971	-14786	44%

CAPITAL EXPENDITURE 2017: WASTE MANAGEMENT SERVICES					
Capital Project	R' 000				
	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	2 505	1 285	192	-1208%	
<b>Furniture &amp; Office Equipment</b>	5	9	5	6%	
<b>Replacement of Vehicles: CBS 27393</b>	1 500	–	–	–	
<b>Green Waste Chipper</b>	500	–	–	–	
<b>Building Rubble Crasher</b>	500	–	–	–	
<b>Rebuilding of Compactor Unit (CBS 18891)</b>	–	–	–	–	

CAPITAL EXPENDITURE 2017: WASTE MANAGEMENT SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
Purchase of Canopy: CBS 35088	–	7	7	100%	
Purchase of Canopy: CBS 17997	–	8	8	100%	
Purchase of Canopy: CBS 39950	–	11	10	100%	
Pressure Pump	–	15	15	100%	
Back Hoe Machinery	–	1 036	–	–	
Construction of a Concrete Slab Roof on the Guard House at Louis Fourie Road Waste Disposal	–	–	–	–	
Conversion of a compactor to Transport the Back Hoe	–	100	92	100%	
Fencing of Existing Formalised Rubbish Dumping Area in Zone 7 (P.A Camp)	–	25	14	100%	
Fencing of Existing Formalised Rubbish Dumping Area Next to 53 Maqabanqa Street Opposite Khanyisa Crèche	–	25	14	100%	
Fencing of Existing Formalised Rubbish Dumping Area At The End of John Mapisa Street	–	25	14	100%	
Fencing of Existing Formalised Rubbish Dumping Area At The Back of 20 Lingeletu Street, Elangeni	–	25	14	100%	

#### COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The capital investment focus this year was on the replacement of the current outdated fleet to improve service delivery and to reduce repairs and maintenance costs associated with an outdated fleet.

#### Successes achieved during the year

- Continuous commitment and partnership with the ROSE Foundation for oil collection services and containers provided for the service;
- E-waste management services provided during this year with Outeniqua Waste;
- Successful open days for the disposal of e-waste and hazardous waste;
- Successful clean-up campaigns in various areas.

### **Challenges**

- Illegal dumping of all waste types;
- Sustainability of the recyclable waste swop shops;
- Increasing blue bag participation rate by residents;
- Limited resources in relation to expected outcomes;
- Funding for the regional landfill site and the cost of disposal.

## **3.5 HOUSING**

### **INTRODUCTION TO HOUSING**

The Mossel Bay Municipality is no exception in facing a severe backlog in the provision of housing opportunities, especially to the lower income section of the community. The backlog is almost 10 000 families, which is officially captured on the Housing Demand Database. For the past 3 years, the data on the database is verified in collaboration with the Department of Human Settlement and the names of deceased people, duplicates and people who already benefitted from subsidies in the past, are removed.

In an effort to mitigate challenges like spatial issues, bulk infrastructure and funding, the Municipality updated the Integrated Human Settlement Plan in collaboration with the Provincial Department of Human Settlement, to be rolled out over a 10-year period. It is proposed that approximately 5 800 low-cost and 4 700 affordable housing opportunities be created over this time span.

During the financial year, overall priority was given to services on various projects and the building of infill houses via the Managed PHP Programme. The upgrading of informal settlements was made a high priority with the commencement of the second phase of the upgrading of the Informal Settlement Plan under the National Upgrading Support Programme (NUSP), spearheaded by the National Department of Human Settlement.

With the assistance of funding from the Department of Human Settlement, a feasibility study for a mixed housing development totalling  $\pm 1\,200$  housing opportunities comprising of low-income, middle-income and social (renting) unit located in the Louis Fourie Road area has been accepted. It is foreseen that this project will mainly cater for housing opportunities for backyard citizens captured on the housing demand database of the Municipality.

HUMAN SETTLEMENT GRANT			
EXPENDITURE FROM 1 JULY 2016 TO 30 JUNE 2017			
PROJECT		AMOUNT	
<b>1</b>	Asazani/izinyoka infrastructure	R	4 449 635.19
<b>2</b>	Wolwedans top structures	R	104 173.11
<b>3</b>	Friemersheim top structures	R	-
<b>4</b>	Elangeni php	R	-
<b>5</b>	Asazani/izinyoka top structures	R	1 662 650.01
<b>6</b>	Wolwedans rehabilitation	R	-
<b>7</b>	Herbertsdale infrastructure service	R	-
<b>8</b>	Emergency kit	R	340 526.79
<b>9</b>	Elangeni 46	R	17 440.00
<b>10</b>	Nicolai crescent	R	-
<b>11</b>	Herbertsdale	R	-
<b>12</b>	KwaNongqaba PHP (170)	R	3 603 661.23
<b>13</b>	Sonskynvallei rectification	R	4 418 396.43
<b>14</b>	Joe Slovo/Highway Park/Civic Park	R	59 687.47
<b>15</b>	Utohani (5) top structures	R	-
<b>16</b>	Tarka	R	856 530.00
<b>17</b>	Joe Slovo IRDP top structures (18)	R	216 195.86
<b>18</b>	Highway Park IRDP top structures (3)	R	-
<b>19</b>	Civic Park IRDP top structures (11)	R	109 581.54
<b>20</b>	Herbertsdale IRDP top structures (154)	R	251 358.52
<b>21</b>	Sonskynvallei infrastructure	R	-
<b>22</b>	Yak'indlu	R	119 485.36
<b>23</b>	Sonskynvallei top structures (152)	R	11 758 723.90
<b>24</b>	Louis Fourie Corridor (planning)	R	839 506.69
<b>25</b>	Uisp (planning)	R	1 378 016.78
<b>26</b>	Sonskynvallei phase iii (planning & survey)	R	1 536 684.16
<b>TOTAL:</b>		<b>R</b>	<b>31 722 253.04</b>

FINANCIAL PERFORMANCE 2017: HOUSING SERVICES					R'000
Details	2016 Actual	Original Budget	2017 Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20875	48417	70093	26837	-80%
<b>Expenditure:</b>					
<b>Employees</b>	3311	3478	3913	3666	5%
<b>Repairs and Maintenance</b>	630	2076	798	848	-145%
<b>Other</b>	16207	45047	60265	15085	-199%
Total Operational Expenditure	20149	50601	64977	19599	-158%
Net Operational Expenditure	-727	2184	-5117	-7238	130%

CAPITAL EXPENDITURE 2017: HOUSING SERVICES					
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	5 200	10 734	5 088	-2%	
<b>Asazani/Izinyoka Services (Phases 4)</b>	5 200	10 734	5 086	-2%	
<b>Sonskynvallei/Powertown Relocation (152 Sites)</b>			3		

**The main Human Settlement Project and Initiatives in 2016/2017 were as follows:**

- The completion of the servicing of 66 sites in Phase 3 of the Asazani / Izinyoka Project.
- The commencement of the construction of 152 top structures at Sonskynvallei for the relocation of the Powertown Informal Settlement.
- The completion of the Joe Slovo / Highway Park / Civic Park Blocked Project comprising of 32 infill top structures.
- The continuation of the upgrading and repairs to 206 existing houses at Sonskynvallei.
- The completion of the establishment of 3 Temporary Relocation Areas and the temporary relocation of all beneficiaries to allow the construction of services on Phase 4 of the Asazani / Izinyoka Housing Project.
- The appointment of a contractor for the construction of 154 top structures on the Herbertsdale Housing Project.
- The commencement of the construction of 24 infill top structures on the KwaNonqaba PHP Project.
- The continuation of the planning of the upgrading of 18 informal settlements, including the completion of a socio-economic survey of all informal households and the establishment of Beneficiary Liaison Committees for all the informal settlement areas.
- The completion of a feasibility study for a mixed housing development located in the Louis Fourie Road Corridor area comprising ±1 200 housing opportunities.
- Maintenance of the Greenhaven Flats at Great Brak River.
- Evaluating and assessing housing upgrade assistance to the Toekoms community.

PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING			
Year end	Total households (including in formal and informal Settlement)	Households in formal Settlement	Percentage of HHs in formal Settlement
<b>2013</b>	28574	24622	86.2%
<b>2014</b>	28700	24748	86.2%

PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING			
Year end	Total households (including in formal and informal Settlement)	Households in formal Settlement	Percentage of HHs in formal Settlement
<b>2015</b>	29177	25225	86.5%
<b>2016</b>	30725	26225	85,4%
<b>2017</b>	32186	26686	82.9%

EMPLOYEES: HOUSING SERVICES					
Job Level	2016	Posts	2017	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	Employees		Employees		
	No.	No.	No.	No.	%
<b>0 - 3</b>	0	0	0	0	0%
<b>4 - 6</b>	3	3	3	0	0%
<b>7 - 9</b>	2	2	2	0	0%
<b>10 - 12</b>	1	1	1	0	0%
<b>13 - 15</b>	2	2	2	1	50%
<b>16 - 18</b>	0	0	0	0	0%
<b>19 - 20</b>	0	0	0	0	0%
<b>Total</b>	8	8	8	1	13%

FINANCIAL PERFORMANCE 2017: HOUSING SERVICES					
Details	2016 Actual	Original Budget	2017		R'000 Variance to Budget
			Adjustment Budget	Actual	
Total Operational Revenue	24 208	48 417	70 093	36 124	-34%
<b>Expenditure:</b>					
<b>Employees</b>	3 311	3 478	3 913	3 666	5%
<b>Repairs and Maintenance</b>	630	2076	798	744	-179%
<b>Other</b>	16 207	45 047	60 265	30 347	-48%
Total Operational Expenditure	20 149	50 601	64 977	34 758	-46%
Net Operational Expenditure	-4060	2184	-5117	-1366	260%

**COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:**

- The number of job opportunities created in EPWP Registered Housing Projects in the financial year amount to 337 covering 5 561 labour days.
- A total of 10 community based sub-contractors were trained and employed on Project.



### **3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT**

#### **INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT**

The objective of the Mossel Bay Municipality is to ensure that the procedures and guidelines, regarding indigent and poor household subsidies, are known to all. This is done by having permanent offices in different areas where applications for a subsidy can be made with the assistance of a person in charge of the office.

Special drives are also performed in the different wards where the community is invited to come and apply for a subsidy at a hall nearby and where they are also assisted with the completion of the applications.

#### **COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT**

Apart from the indigent subsidy which is funded from the Equitable Share, Mossel Bay also has a subsidy for poor households which is funded by Council. The subsidy for poor households also covers the basic fee for water, refuse removal and sanitation and has the same criteria as the indigent subsidy. The only difference between the indigent and poor household subsidies is that the gross income of the poor household must not be more than three times the Government pension.

## COMPONENT B: ROADS

### 3.7 ROADS

#### COMMENT ON THE PERFORMANCE OF ROADS OVERALL

The largest portion of the capital budget was used to upgrade gravel roads to tar in Friemersheim, Asla Park, Herbertsdale, KwaNonqaba and Asazani / Izinyoka.

Challenges experienced were the removal of illegal structures out of the road reserve to enable the Municipality to upgrade roads in the informal areas (i. e. Asla Park).

The Western Cape Provincial Government has finished with Phase 1 upgrading of three intersections along Louis Fourie Road, e.g. corner of Louis Fourie Road / Essenhout Street. corner of Louis Fourie Road / Schoeman Street and the Marsh Street / Louis Fourie Road interchange. The construction of additional turning lanes will increase the capacity of these intersections beyond 2025.

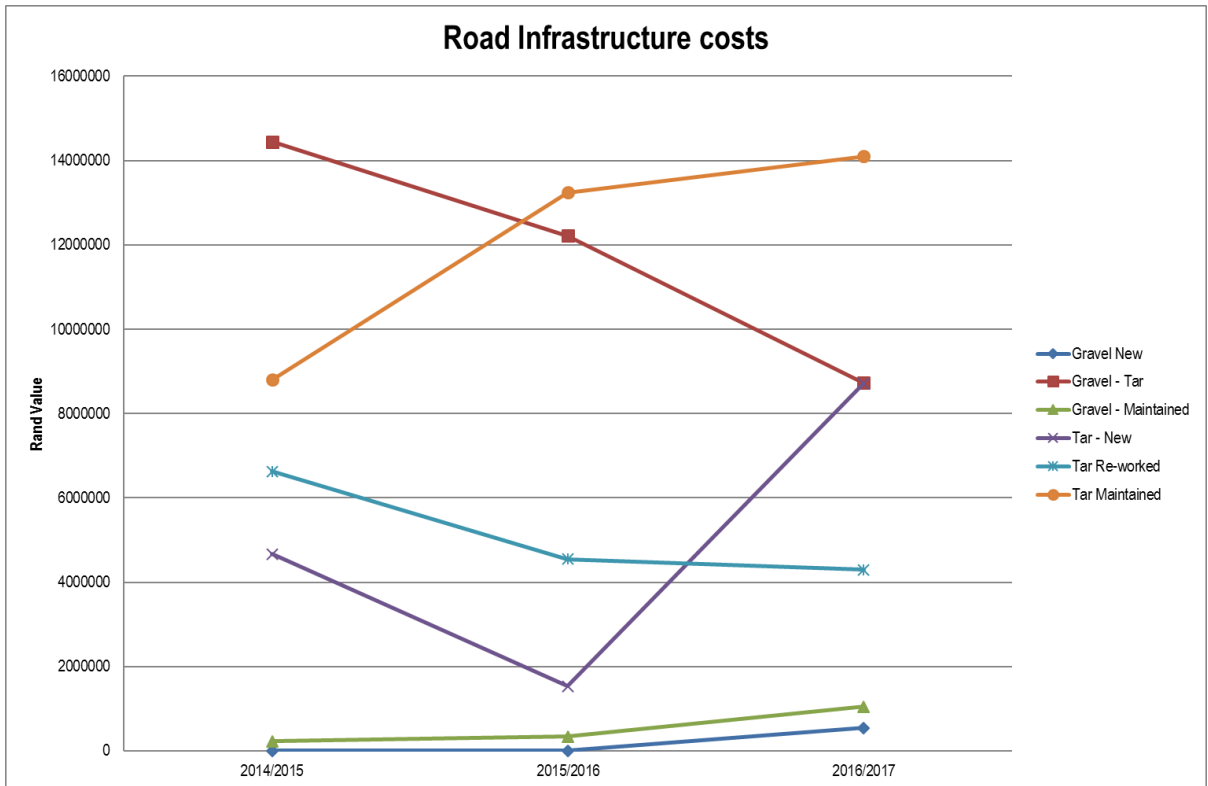
A very successful reseal programme was implemented and a total of 42 km of the road network was re-surfaced. The process included items such as base patching, laying of edge restraint, application of weed killer, light rehabilitation, slurry reseal and sealing of roads with 15 mm ultra-thin asphalt. This year the emphasis was more on a slurry reseal application. in order to stretch the budget.

The reseal programme flow from the Pavement Management System and is considered to be a resounding success and significantly contributed towards the objective to improve the condition of the existing road network in the Mossel Bay municipal area.

GRAVEL ROAD INFRASTRUCTURE				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometres Gravel roads graded/maintained
<b>2014/2015</b>	23,8	0	2,8	3,5
<b>2015/2016</b>	21,0	0	2,6	8,2
<b>2016/2017</b>	18,9	0,51	1,4	10,2

TARRED ROAD INFRASTRUCTURE					
	Total tarred roads	New tar roads	Existing tar roads re-build	Existing tar roads reseal	Kilometres Tar roads maintained
<b>2014/2015</b>	406,9	1,19	1,36	14,3	5,12
<b>2015/2016</b>	408,1	2,6	0,81	25	3,5
<b>2016/2017</b>	405,5	1,4	0,83	42	1,92

COST OF CONSTRUCTION/MAINTENANCE							R
	New	Gravel	Maintained	New	Tar	Maintained	
		Gravel - Tar			Re-worked		
<b>2014/2015</b>	0	14 444 300	227 655	4 668 658	6 627 216	8 801 840	
<b>2015/2016</b>	0	12 211 967	342 299	1 535 335	4 543 069	13 238 778	
<b>2016/2017</b>	541 000	8 722 407	1 048 065	8 722 000	4 293 704	14 100 000	



FINANCIAL PERFORMANCE 2017: ROAD SERVICES						R'000
Details	2016 Actual	Original Budget	Adjustment Budget	2017 Actual	Variance to Budget	
Total Operational Revenue	18 197	11 973	12 012	9 685	-24%	
<b>Expenditure:</b>						
Employees	12 339	13 776	10 599	10 056	-37%	
Repairs and Maintenance	17 086	15 827	18 265	17 419	9%	
Other	14 475	14 379	14 260	16 363	12%	
Total Operational Expenditure	43 901	43 982	43 125	43 837	0%	
Net Operational Expenditure	25 703	32 009	31 113	34 153	6%	

CAPITAL EXPENDITURE YEAR 0: ROAD SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	27 314	24 989	22 153	-23%	
<b>Ruiterbos Flooding</b>		3	3	100%	
<b>Greenhaven Road Repair</b>		4	6	100%	
<b>Furniture &amp; Office Equipment</b>	65	65	59	-10%	
<b>Machinery &amp; Equipment</b>	32	48	37	12%	
<b>Security Tag Automated Door System</b>	10	10	10	-3%	
<b>New Radio</b>	13	14	14	5%	
<b>Rehabilitate Botha Street</b>	300	269	254	-18%	
<b>Pavement to: CBD - Mossel Bay</b>	330	442	450	27%	
<b>Pavement to: Stofile Short Street (5 cul de sacs) KwaNonqaba</b>	200	220	201	0%	
<b>Sidewalks: Townhall Walkway</b>	100	145	156	36%	
<b>Sidewalks: Adriaans Drive</b>	250	315	293	15%	
<b>Sidewalks: Thembelihle Street-from Mayixhale to Mali Streets</b>	150	240	220	32%	
<b>Sidewalks: Tulbagh Avenue Hartenbos</b>	70	58	58	-20%	
<b>New Kerbs: S Mpoki Street</b>	90	90	56	-61%	
<b>New Kerbs: Pat Mbebe Street</b>	60	53	53	-14%	
<b>Extend the sidewalk in Gleniqua East, Glentana</b>	350	350	349	0%	
<b>Tarring of Street &amp; Roads: Lindela Street, KwaNonqaba</b>	400	347	335	-19%	
<b>Tarring of Street &amp; Roads: Traffic Circle at c/o Alhof Drive &amp; Marsh Street 9<sup>th</sup> Avenue Da Nova</b>	1 400	1 400	1 384	-1%	
<b>Tarring of Street &amp; Roads: Bloem Street</b>	500	500	423	-18%	

CAPITAL EXPENDITURE YEAR 0: ROAD SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Tarring of Street &amp; Roads: Boyana Street</b>	1 500	1 468	1 259	-19%	
<b>Tarring of Street &amp; Roads: New link road between Extension 9, 13 &amp; 26 (Phase 1, 2 &amp; 3)</b>	2 000	–	–	–	
<b>Tarring of Street &amp; Roads: Tarring of last section of Albacore Street, Boggomsbaai</b>	450	500	485	7%	
<b>Rebuild Tar Roads: Frans Avenue, Asla Park</b>	1 400	1 400	1 402	0%	
<b>New Bus Stops / Taxi Embayment: Stofile Street</b>	500	517	466	-7%	
<b>Replacement of Vehicles: CBS 3496</b>	500	415	415	-21%	
<b>New Parking Areas: Municipal Office Parking Area GBR</b>	200	200	200	0%	
<b>Upgrade of Gravel Roads &amp; Storm Water: Asla Park</b>	1 781	1 781	1 781	0%	
<b>Upgrade of Gravel Roads &amp; Storm Water: Asla Park</b>	184	350	342	46%	
<b>Upgrade of Gravel Roads &amp; Storm Water: Friemersheim</b>	436	781	781	44%	
<b>Upgrade of Gravel Roads &amp; Storm Water: Friemersheim</b>	284	284	287	1%	
<b>Upgrade of Gravel Roads &amp; Bulk Storm Water: Sonskynvallei</b>	2 053	2 053	–	–	
<b>Upgrade of Walvis Street Phase 3</b>	2 632	2 487	2 487	-6%	
<b>Upgrade of Walvis Street Phase 3 - CRR</b>	–	–	9	100%	
<b>Herbertsdale: Upgrade of Gravel Roads &amp; Storm Water Phases 1&amp;2</b>	2 540	2 340	2 340	-9%	

CAPITAL EXPENDITURE YEAR 0: ROAD SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Herbertsdale: Upgrade of Gravel Roads &amp; Storm Water Phases 1&amp;2</b>	554	554	554	0%	
<b>Olckers Road Turning Circle</b>	500	425	407	-23%	
<b>Upgrading of Point</b>	2 300	1 630	1 815	-27%	
<b>Formalisation of Great Brak River Municipal Yard</b>	450	450	448	0%	
<b>Umtata Road (Short Street)</b>	160	200	194	18%	
<b>Building of Parking Area: Mossel Bay Golf Course (2015/16 Internal Road, 2016/17 New Paved Parking)</b>	300	300	300	0%	
<b>Building of Parking Area: Mossel Bay Golf Course (2015/16 Internal Road, 2016/17 New Paved Parking)</b>	1 200	1 225	1 225	2%	
<b>Tourism Signage CBD</b>	100	62	62	-61%	
<b>Herbertsdale Middle-Income Housing Sites</b>	522	522	83	-531%	
<b>New Cemetery Access Road</b>	450	450	429	-5%	
<b>New Bus Stops / Taxi Embayment to: Adriaans Avenue</b>	–	–	–	–	
<b>New Minibus Taxi Facilities c/o Adriaans Drive / Crotz Street, Phase 3</b>	–	25	24	100%	

### 3.8 STORM WATER DRAINAGE

#### INTRODUCTION TO STORM WATER DRAINAGE

The Mossel Bay municipal area has had below average rainfall during the past financial year, which is consistent with changing weather patterns and global warming. As a result, we expect flash floods in the nearby future. For this reason, the Municipality has replaced and rehabilitated various storm water systems during the 2016/2017 financial year.

Due to age and unknown conditions of some storm water infrastructure, especially in the Central Business District, unforeseen failure of storm water pipe systems still occur. The aging

storm water infrastructure of the old part of town puts an additional burden on the Operating and Capital Budget.

Construction of critical storm water system upgrades is already under way for the CBD and surrounding areas, which includes Bland Street and Rudie Barnard Street (R4 m), De Bakke (R17 m). Other upgrades, like Kerriehout Street (R1 m), are still to follow

A policy has also been developed for the Hartenbos River Estuary and breaching of the Hartenbos River. It is also recommended that an updated policy be done and to take a flexible approach to accommodate ecological processes and socio-economic considerations for the breaching of the Hartenbos River.

STORMWATER INFRASTRUCTURE				
	Total Storm water measures	New Storm water measures	Storm water measures upgraded	Kilometres Storm water measures maintained
<b>2014/2015</b>	166	25	14	140
<b>2015/2016</b>	18	1,7	0,6	16,1
<b>2016/2017</b>	39	0,8	1,4	36

COST OF CONSTRUCTION / MAINTENANCE				R
	New	Storm water Measures		
		Upgraded	Maintained	
<b>2014/2015</b>	2 057 191	4 062 832	1 779 594	
<b>2015/2016</b>	7 293 752	5 874 891	1 481 545	
<b>2016/2017</b>	2 900 000	9 350 000	1 931 775	

FINANCIAL PERFORMANCE 2017: STORM WATER SERVICES						R'000
Details	2016 Actual	Original Budget	2017 Adjustments Budget	Actual	Variance to Budget	
Total Operational Revenue	9 870	0	1	1	100%	
<b>Expenditure:</b>						
<b>Employees</b>	3 000	3 436	6 980	6 809	50%	
<b>Repairs and Maintenance</b>	2 142	2 315	2 407	2 302	-1%	
<b>Other</b>	4 260	4 349	4 356	3 148	-38%	
Total Operational Expenditure	9 401	10 099	13 744	12 259	18%	
Net Operational Expenditure	-468	10099	13 743	12 258	18%	

CAPITAL EXPENDITURE 2017: STORM WATER SERVICES					R' 000
Capital Project	Budget	Adjustments Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	12 490	12 918	12 912	3%	
<b>Formalise Storm Water Channels</b>	200	200	199	-1%	
<b>Improve Stormwater: Amy Searle Greenhaven</b>	200	200	199	-1%	
<b>Improve Stormwater: New Concrete Storm Water Channel, Deoville Park, Hartenbos Heuwels</b>	400	400	399	0%	
<b>Improve Stormwater: Upgrade of Storm Water watercourse, A Ferox, Danabaai</b>	750	680	674	-11%	
<b>Improve Stormwater: Upgrade Storm Water at Kiewit, Cupido, Sinkfontein to Alhof-D'Almeida</b>	1 000	1 000	976	-2%	
<b>Improve Stormwater: Bakker (Nautica)</b>	5 000	5 900	5 912	15%	
<b>Improve Storm Water: New Storm Water system from Bentonsingel to the river (Herbertsdale)</b>	1 800	1 300	1 266	-42%	
<b>Upgrading of Storm Water System from Santos Beach to George Road</b>	2 600	2 470	2 462	-6%	
<b>Dedicated Server</b>	40	29	29	-40%	
<b>Cut-off Drains: Seemeeupark</b>	–	271	271	100%	
<b>Glentana Parking Outlet</b>	–	1	1	100%	
<b>S/W network capacity problems (Strand to Marsh Street)</b>	–	1	1	100%	
<b>Murray Street Embankments</b>	–	7	–	–	
<b>Storm Water channel from Mooney Street to Frans Street - Adriaans Drive</b>	500	460	524	5%	



## **COMPONENT C: PLANNING AND DEVELOPMENT**

### **3.9 PLANNING**

#### **INTRODUCTION TO PLANNING AND DEVELOPMENT**

##### **General Land Use Management**

With the promulgation of the Spatial Planning and Land Use Management Act (SPLUMA), No 16 of 2013, the Western Cape Land Use Management Act, 2014 and the Mossel Bay Municipality By-Law on Municipal Land Use Planning 2015, the planning profession and municipal planning were firmly placed in the twenty first century. The aim of the new legislation is to provide an efficient and inclusive process to evaluate land use and related applications.

A total of 658 Land Use applications were received, which is much lower than the 739 received in 2016. This is due to a pre-application process introduced and implemented in the 2016-2017 year. The mentioned process identifies possible issues, regarding an application, at a very early stage to discourage the submission of formal applications that will probably not be supported by an external institution and the Municipality.

The current economic climate has resulted in the submission of very few large township applications. In the current economic climate owners are optimising existing properties via second dwelling development, rezoning and consent use applications.

The department is busy developing a new application processing system (software), which will improve application evaluation and general performance of land use management responsibilities and functions.

##### **Eden Joint Municipal Planning Tribunal**

Four Registered Town Planners from the department are serving as members of the Eden Joint Municipal Planning Tribunal. The members serve on the tribunal meetings as professional planners of other participating municipalities. The Eden Joint Municipal Planning Tribunal is functioning well and serve the participating municipalities by evaluating none-delegated land use applications and applications initiated by the municipalities themselves.

##### **New Zoning Scheme**

Land Use is currently facilitated by four different Town Planning Schemes within the Mossel Bay municipal area. A huge effort was put into the drafting of one integrated scheme. The scheme was drafted, public participated and approved by Council. The aim of the scheme is

to facilitate land use of all properties within the Mossel Bay municipal area. The department is currently finalising the scheme maps and scheme register for implementation of the said scheme.

### **Spatial Development Framework (SDF)**

Mossel Bay became one of the first municipalities to approve a new Spatial Development Framework in terms of the new planning legislation. The SDF was drafted by a Project Committee, evaluated by an Intergovernmental Steering Committee. public participated and approved by Council. The submission of the SDF as an Environmental Management Framework to the national Department of Environmental Affairs is still in process. Once approved the document will enable the Municipality to render a more effective service regarding subsidised housing.

FINANCIAL PERFORMANCE 2017: PLANNING AND DEVELOPMENT SERVICES					
Details	2017 Actual	Original Budget	2017 Adjustment Budget	Actual	R'000 Variance to Budget
Total Operational Revenue	6 228	5 265	8 759	7 250	27%
<b>Expenditure:</b>					
<b>Employees</b>	11 171	12 654	3 654	3 541	-257%
<b>Repairs and Maintenance</b>	16	44	18	3	-1165%
<b>Other</b>	2 878	2 330	2 073	2 078	-12%
Total Operational Expenditure	14 065	15 028	5 746	5 623	-167%
Net Operational Expenditure	7 837	9 763	-3 014	-1 628	700%

CAPITAL EXPENDITURE 2017: PLANNING AND DEVELOPMENT SERVICES					
Capital Project	Budget	Adjustments Budget	2017 Actual Expenditure	Variance from original budget	R' 000 Total Project Value
<b>Total All</b>	187	192	190	2%	
<b>Furniture &amp; Office Equipment-New</b>	21	47	46	55%	
<b>Furniture &amp; Office Equipment-Replacement</b>	66	56	56	-18%	
<b>Photocopy Machine- Replacement</b>	40	35	35	-14%	
<b>Security Cameras</b>	30	26	26	-14%	
<b>Computer Equipment - New</b>	20	17	17	-16%	

CAPITAL EXPENDITURE 2017: PLANNING AND DEVELOPMENT SERVICES					
Capital Project	Budget	Adjustments Budget	2017 Actual Expenditure	Variance from original budget	R' 000
					Total Project Value
<b>Computer Equipment - Replacement</b>	10	10	9	-7%	

APPLICATIONS FOR LAND USE DEVELOPMENT						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2016	2017	2016	2017	2016	2017
<b>Planning application received</b>	739	599	31	28	2 078	1 962
<b>Determination made in year of receipt</b>	705	569	29	26		
<b>Determination made in following year</b>	6	5	1	2		
<b>Applications withdrawn</b>	15	10	-	-		
<b>Applications outstanding at year end</b>	13	15	1	2		

EMPLOYEES: PLANNING SERVICES					
Job Level	2016	Posts	2017	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	Employees		Employees		
	No.		No.		
<b>0 - 3</b>	0	0	0	0	0%
<b>4 - 6</b>	0	2	0	2	100%
<b>7 - 9</b>	0	0	0	0	0%
<b>10 - 12</b>	2	2	2	0	0%
<b>13 - 15</b>	1	1	1	0	0%
<b>16 - 18</b>	1	1	1	0	0%
<b>19 - 20</b>	0	0	0	0	0%
<b>Total</b>	4	6	4	2	33%

FINANCIAL PERFORMANCE YEAR 2016/2017: PLANNING SERVICES			
Details	Original Budget	Actual	Variance to Budget
<b>Building Plans</b>	4 401 024	6 940 313	158%
<b>Inspection Fees</b>	0	0	0%
<b>Second Dwellings</b>	326 255	994 986	305%
<b>Restrictive Conditions</b>	17 108	6 631	39%
<b>Rezoning's, Departures</b>	240 100	238 668	99%
<b>Subdivisions</b>	31 159	55 545	178%
<b>Zoning Certificates</b>	11 477	14 429	126%
<b>Plan Copies</b>	46 486	81 631	176%
<b>Pavement</b>	1 865	6 141	329%

FINANCIAL PERFORMANCE YEAR 2016/2017: PLANNING SERVICES			
Details	Original Budget	Actual	Variance to Budget
<b>Outdoor Advertisement</b>	143 457	107 146	75%
<b>Total</b>	<b>5 218 931</b>	<b>8 45 490</b>	<b>162%</b>

### **Airport Investigation**

The Airport investigation was concluded and approved by Council as a guideline for future development of the airport and surrounding area. The investigation contains an implementation plan which is currently being used in discussions with all role players to develop the airport as an economic catalyst area for Mossel Bay and to address problems regarding noise pollution in the area.

### **Aalwyndal Precinct Plan**

Due to the locality and accessibility of Aalwyndal, the area was identified as an urban expansion zone. A precinct plan is being developed, which will be informed by the result of the airport investigation. The airport investigation identified noise contours / zones where residential development cannot be established. The status quo document as part of the precinct plan for the area has been drafted and the draft precinct plan will be finalised after public consultation.

### **Hartenbos River Basin Precinct Plan**

Due to conflict between development proposals and the Critical Biodiversity Areas located in the Hartenbos River Basin and estuary, the Municipality is busy developing a precinct plan for the area. The Hartenbos River Basin is a crucial biodiversity area and the gateway to the urban area. Un-coordinated development can be catastrophic for the environment and the Mossel Bay urban area. The status quo document for the precinct plan for the area has been drafted and the draft precinct plan will be finalised after public consultation.

### **Subsidised Housing Planning**

Mossel Bay has embarked on a strategy to optimise well-located municipal-owned land for subsidised housing and other integration related uses. Well-located municipal land is becoming scarce. The department was involved in the development of a new housing concept with higher densities, to ensure optimisation of the remaining well-located municipal land. The department facilitated planning evaluation of various other housing and service delivery projects to ensure a sustainable and liveable environment for all Mossel Bay citizens.

### **Municipal Properties, Investor Information and Incentives**

The department facilitates the leasing and selling of Municipal land in conjunction with the Legal Services department. With land being a scarce commodity within the South African context it became crucial to optimise the available land. The demand for social facilities is increasing as the population is growing and planning for the mentioned is of great importance. Job creation and the ability to attract investors is a priority. Numerous engagement and presentations were made to prospective property investors to promote economic development in the formal and informal sectors.

### **3.10 BUILDING CONTROL, BUILDING MAINTENANCE AND OUTDOOR ADVERTISING**

#### **INTRODUCTION TO BUILDING CONTROL, BUILDING MAINTENANCE AND OUTDOOR ADVERTISING**

Submission of building plan applications and the approval thereof are the responsibility of the sub-directorate. It is also responsible for the maintenance of municipal buildings and the approval of outdoor advertising applications,

##### **BUILDING CONTROL:**

Over the past years there has been a distinct increase in the number of building plan applications submitted and the sub-directorate is also in the process of developing an electronic plans submissions portal.

This section also administers and liaises with the Heritage and Aesthetics Advisory Committee to preserve the various heritage buildings within Mossel Bay.

##### **BUILDING MAINTENANCE:**

This section is responsible for the general maintenance of various municipal-owned properties. Planned maintenance, emergency repairs and building-related insurance claims are handled by this section. Various upgrades, renovations, ad hoc maintenance have been made to sport stadiums, administrative offices, archives, etcetera.

##### **OUTDOOR ADVERTISING:**

This section is responsible for the management and control of all Outdoor Advertising applications, which include the administration, assessment and approval of applications in terms of the By-Law. It liaises with the business sector, the Provincial Roads Department, etcetera, on all outdoor advertising matters and is responsible for the effective management and enforcement of the By-Law to deal with illegal advertising signs.

The tender for the renting of commercial advertising space on street poles (lampposts) was cancelled due to non-performance. A policy to manage and regulate the renting of commercial

advertising space for streetpole advertising on street poles (lamp posts) was compiled and adopted by Council at the end of June 2017.

#### COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

With the implementation of the new legislation and population growth came new challenges. The department has accepted the challenges and is creating an organised planning environment with documentation, strategies, policies and personnel in place to promote effective planning, which will ensure that the target set in the IDP can be reached. The development of the Spatial Development Framework and the new Zoning Scheme are crucial instruments used by planners to ensure vibrant growing towns, which can ensure that every citizen can reach his or her full potential. The service rendered to the community is of a high standard with ample development land available to stimulate the local economy and create job opportunities.

#### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

The Mossel Bay Municipality's Local Economic Development (LED) unit strives to provide the necessary tools and information to fully equip the local community on what can be achieved through local, provincial and national initiatives and to encourage other local groups to take advantage of these tools and opportunities. Therefore, the main objective is to create sustainable growth opportunities by forming partnerships with other NGO's, NPO's and private sector companies and set realistic goals (guidance) that improve the quality of life for all.

##### **Expanded Public Works Programme (EPWP)**

The Mossel Bay Municipality EPWP creates work opportunities in three sectors namely, infrastructure, environment and culture and social.

The Municipality is currently in phase 3 of the EPWP programme of which the objective is "to provide opportunities and income support to poor and unemployed people through labour-intensive delivery of public and community assets and services, thereby contributing to development."

##### **EPWP (Expanded Public Works Programme)**

DETAILS	EPWP PROJECT	JOBS CREATED THROUGH EPWP
<b>2012/2013</b>	23	530
<b>2013/2014</b>	19	687
<b>2014/2015</b>	14	465

<b>2015/2016</b>	22	514
<b>2016/2017</b>	20	794

### Registered Project July 2016 – June 2017

A total of 794 Job Opportunities were created through the Expanded Public Works Programme.

### EPWP INTERNAL FORUM MEETINGS AND WORKSHOP

Regular meetings are held for the progress and internal issues in terms of the implementation of the Expanded Public Work Programme.

FINANCIAL PERFORMANCE 2017: LOCAL ECONOMIC DEVELOPMENT SERVICES					
Details	2016		2017		R'000
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7730	884	865	9482	91%
<b>Expenditure:</b>					
<b>Employees</b>	4253	5319	7053	6844	22%
<b>Repairs and Maintenance</b>	101	150	132	83	-81%
<b>Other</b>	7313	7179	8184	7617	6%
Total Operational Expenditure	11667	12648	15368	14545	13%
Net Operational Expenditure	3937	11764	14503	5063	-132%

CAPITAL EXPENDITURE 2017: ECONOMIC DEVELOPMENT SERVICES					
Capital Project					R' 000
	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	400	438	6 816	94%	
<b>Paving-Erf 6412</b>	150	149	149	-1%	
<b>Furniture &amp; Office Equipment</b>	2	2	1	-59%	
<b>Furniture &amp; Office Equipment-New-Socio Economic Development</b>	16	16	16	-1%	
<b>Furniture &amp; Office Equipment-Replacement (Indoor)</b>	5	5	4	-13%	

CAPITAL EXPENDITURE 2017: ECONOMIC DEVELOPMENT SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Furniture &amp; Office Equipment-New (Indoor)</b>	1	1	1	-19%	
<b>Furniture &amp; Office Equipment-New (LED)</b>	8	12	11	29%	
<b>Purchase of Sewing Machines for Sewing Project</b>	30	25	25	-19%	
<b>Photocopy Machine-Youth</b>	11	9	8	-32%	
<b>Installation of Garage Door in Hartenbos</b>	5	6	6	14%	
<b>Fire Extinguishers for Subsidised Beehives</b>	22	13	11	-108%	
<b>Revamp of Indoor Sports Centre</b>	100	100	96	-5%	
<b>HIV/AIDS Mascot</b>	10	11	11	7%	
<b>Sewing Machines-Donated</b>	–	2	–	–	
<b>Furniture, Tools and Equipment - Donated Asset</b>	–	–	429		
<b>Donated Asset: Youth Centre Building on Erf 496</b>	–		5 514	100%	
<b>Donated Asset: Crèche Building on Erf 3896 Wolwedans</b>	–		450	100%	
<b>Furniture &amp; Office Equipment</b>	17	19	17	2%	
<b>Computer Equipment</b>	5	2	2	-97%	
<b>Installation of Loud Hailing System</b>	7	6	6	-2%	
<b>Data Project</b>	7	6	6	-26%	
<b>Water Dispenser-Thusong Centre</b>	5	7	6	17%	
<b>Upgrading of the kitchen facility: Thusong Centre</b>	–	46	46	100%	

### Local Economic Development

Local Economic Development	
Activity	Description
Mossel Bay Economic Development Forum	This is a stakeholder meeting where role-players get together and debate on certain issues and exchanging



Local Economic Development	
Activity	Description
	<p>ideas on economic development through establishing healthy relationships among each other in order to benefit the local economy and community. The dates of the quarterly engagement were on 17 August 2016; 26 September 2016 (as part of PACA); 28 October 2016; 15 February 2017; 24 May 2017.</p> <p>Various stakeholders, including government departments; business organisations; community organisations are attending these engagements. The PACA process also incorporates stakeholder engagement.</p>
KwaNonqaba Beehives	<p>2 Non – Profit Organisations; 1 Kids Toy Library; 1 HIV/AIDS Support group; 8 other businesses:</p> <p><b><u>Types:</u></b></p> <p>2 manufacturing of cleaning chemicals. Manufacturing soap. Casket manufacturing. 2 textile &amp; clothing. Training. Security services. Photography services.</p>
Adriaans Drive Beehives	<p>8 Informal traders during the year</p> <p><b><u>Types</u></b></p> <p>Upholstery. Clothing boutique. Laundromat. Printing &amp; stationary. Computer shop. Air-conditioning. Frozen vegetables. Traditional clothing &amp; herbs.</p>
D’Almeida Beehives – Retail Businesses (Erf 6412)	<p>11 informal traders during the year</p> <p><b><u>Types:</u></b></p> <p>2<sup>nd</sup> hand clothing. Tyre repairs. Trailer hiring. Hair salon. Barber shop. Cellphone repair shop. Needle work. Tobacco shop. Take- aways.</p>
Worm Farm Project	<p>Community worm farming has become a popular green recycling project that has given the Mossel Bay Municipality additional national and local recognition for</p>

Local Economic Development	
Activity	Description
	these successful community recycling efforts. The project is to offer various disadvantaged communities worm farms, to enhance their own recycling efforts. This benefitted and assisted their individual future food security (as well as resale opportunities) and reduced waste recycling. The project ended in November 2016,
Local Economic Development & Tourism	<p>For the formulation of the Local Economic Strategy and using the Participatory Appraisal of Competitive Advantage model the Municipality, various local interested parties, and the facilitators combined to form a team which works together to gather and processes the necessary information.</p> <p>The Participatory Appraisal of Competitive Advantage was done via the following processes up to date:</p> <ol style="list-style-type: none"> <li>1. Preparation workshop by internal staff.</li> <li>2. Inaugural PACA Workshop on 17 August 2016 by the LED Forum.</li> <li>3. Business Conference by Business Chamber.</li> <li>4. Hypothesis Workshop by internal staff and portfolio Councillors.</li> <li>5. Kick-off Workshop that took place on 26 September 2016</li> <li>6. Mini – Workshops from 28 September 2016 – 6 October 2016.</li> <li>7. Feedback Session 28 October 2016.</li> <li>8. Ward Committee PACA 5 November 2016.</li> <li>9. Stakeholder Feedback Session 15 February 2017 (as part of Development Forum).</li> <li>10. Strategy for Council approval on 29 June 2017.</li> </ol>
Arts & Craft Centre	<p>9 Informal Traders</p> <p><b>Types:</b> Arts &amp; Craft selling point and workshop for artists. Leather products. Jewellery. Township Art. Paintings. Coffee shop. Barber shop. Needlework &amp; sewing (Mossel Bay products).</p>
Market Stalls – Retail Business	<p>10 Informal traders</p> <p><b>Types:</b> 2<sup>nd</sup> hand clothing. Natural skin and health product. Biltong shop. Embroidery &amp; paintings. Art shop. Take-away / deliveries.</p>

Local Economic Development	
Activity	Description
Business/ Stakeholder Queries & Assistance	<p>Recycle art.</p> <p>In terms of project the LED Office supported businesses and stakeholders as requested, and within its mandate of creating an enabling environment.</p> <p>Business Chamber Business Conference (1 – 2 September 2016).</p> <p>Ivitl Snail Processing.</p> <p>Great Brak River Fibre.</p> <p>Monthly business and stakeholder queries (Wesgro; Red Tape Reduction Unit; Eden District Municipality; 65 walk – in clients (in accordance with registers) throughout the year.</p>
LED & Supply Chain Summit	<p>Local government officials in Local Economic Development, Supply Chain and Integrated Development attended a 2-day summit to share issues concerning supply chain to use it as tool to address job creation and local economic development. The summit was held on from 2 November 2016 to 4 November 2016.</p> <p>Ongoing processes are to be investigated in local municipalities to address the issues.</p>

### **SMALL, MEDIUM AND MICRO ENTERPRISE (SMME)**

The promotion and development of SMME's are a key policy focus area of South Africa, identified in 1995 with the White Paper on Small Business and most recently in the National Development Plan (NDP). The key rationale for the promotion of SMMEs is the potential this sector offers the economy in terms of employment creation. A wide range of policies, policy programmes and initiatives have subsequently been initiated in this respect.

The Municipality creates opportunities for SMME Development through various interventions. The following interventions were undertaken by the unit for the period July 2016 – June 2017:

SMALL, MEDIUM AND MICRO ENTERPRISE (SMME)	
ACTIVITY	DESCRIPTION
Company Registrations and Compliance	<ul style="list-style-type: none"> <li>- Lodged 184 company registrations electronically on the Companies and Intellectual Properties Commission (CIPC) website.</li> <li>- 28 electronic submissions of Annual Returns on the Companies and Intellectual Properties Commission (CIPC) website.</li> <li>- Registration with the Construction Industry Development Board (CIDB).</li> <li>- 191 businesses were registered on the Central Supplier Database (CSD).</li> </ul>
Workshops	<p><b><u>Standard Bank Workshop (28 July 2016)</u></b></p> <p>The training was conducted in conjunction with Standard Bank and took place in Mossel Bay. It was attended by 5 participants. The most important aspects that were covered were the importance of having a bank account in the name of the business but also what they need to do to stay compliant. Success stories were also shared amongst the attendees.</p>
Awareness / Outreaches	<p><b><u>Awareness Drives</u></b></p> <ul style="list-style-type: none"> <li>- On Friday, <b>25 July 2016</b> an awareness programme was presented in Herbertsdale. Pamphlets were distributed and consultations were held with individuals who had more questions on the Construction Industry Development Board (CIDB) registrations and how to register on the Central Supplier Database (CSD).</li> <li>- On Thursday, <b>21 July 2016</b> an awareness programme took place in Great Brak River. Clients were informed of the Office's new project that will be rolled out and they were registered on the Central Supplier Database (CSD).</li> <li>- On Monday, <b>16 August 2016</b> awareness was done at the Thusong Service Centre in Asla Park. Registrations were done on the Central Supplier Database.</li> <li>- On Tuesday, <b>27 September 2016</b> an awareness programme took place in Friemersheim in conjunction with SEDA. Both services were explained what can be offered with regards to business. Approximately 47 individuals (mostly youths) attended the outreach,</li> <li>- <b>18 October 2016:</b> Awareness was done to small businesses in KwaNonqaba. Small business owners were visited at their business premises in KwaNonqaba and the functions and services of the SMME Development office were explained to them.</li> </ul>

SMALL, MEDIUM AND MICRO ENTERPRISE (SMME)	
ACTIVITY	DESCRIPTION
	<ul style="list-style-type: none"> <li>- <b>18 October 2016:</b> Awareness was done to small businesses in Asla Park. Small business owners were visited at their business premises in Asla Park. The functions and services of the SMME Development Office were explained.</li> <li>- <b>17 November 2016:</b> Awareness was held in Sonskynvallei. The processes of registering their own businesses were explained. Attendees were also informed of the steps they need to take to get them compliant if they wish to open a tendering business.</li> <li>- <b>23 – 24 November 2016:</b> Awareness was done during the Thusong Mobile in Adriaans Drive. The community was introduced in conjunction with other stakeholders to the services rendered by the Office.</li> <li>- <b>29 November 2016:</b> Garden Court Casino had a supplier engagement with small business owners that want to be registered on their supplier database.</li> <li>- <b>6 April 2017:</b> Awareness at the Thusong Centre, assisted individuals with outstanding annual returns, Central Supplier Database queries, etcetera.</li> <li>- <b>19 June 2017:</b> Awareness was done at the Transnet Youth Procurement Imbizo. Youth- and female-owned businesses attended this Imbizo and the SMME department distributed their pamphlets and provided information on its services.</li> </ul>
SMME Expo 2017	<p>The SMME Expo that was held on 12 May 2017 is an initiative that is hosted on an annual basis by the Mossel Bay Municipality by the SMME Office.</p> <p>The objectives of the Expo were to:</p> <ul style="list-style-type: none"> <li>- Highlight the role played by SMME's in the economy.</li> <li>- Provide a platform where SMME entrepreneurs, government, financial institutions and other experts in the field of SMME development interact and network.</li> <li>- Highlight and disseminate innovative and cutting-edge information on best practices in the SMME sector.</li> </ul> <p>This year the event was held at the D'Almeida Community Hall and attracted 58 small business owners and 10 government and private institutions consisting of 23 representatives.</p>

SMALL, MEDIUM AND MICRO ENTERPRISE (SMME)	
ACTIVITY	DESCRIPTION
	<p>Six stakeholders did presentations on their services that could benefit small businesses.</p> <p>They were:</p> <ul style="list-style-type: none"> <li>- South African Revenue Service (SARS).</li> <li>- Toiba Education.</li> <li>- PetroSA.</li> <li>- Small Enterprise Finance Agency (SEFA).</li> <li>- Transnet National Ports Authority (TNPA).</li> <li>- Mossel Bay Municipality Supply Chain Management.</li> </ul> <p>Stakeholders that exhibited at the event:</p> <ul style="list-style-type: none"> <li>- National Youth Development Agency (NYDA).</li> <li>- Small Enterprise Finance Agency (SEFA).</li> <li>- Small Enterprise Development Agency (SEDA).</li> <li>- PetroSA.</li> <li>- Toiba Education.</li> <li>- South African Revenue Service (SARS).</li> <li>- Transnet National Ports Authority (TNPA).</li> <li>- ND Abrahams Incorporated.</li> <li>- Be Safe Solutions.</li> </ul>
Capacity Building and Training	<p><b><u>Emerging Business Support Programme (26 &amp; 27 October 2016)</u></b></p> <p>This programme took place over two days from 26 - 27 October 2016. The programme was fully funded by the Department of Economic Development and Tourism. On average 16 people attended the programme and 10 individuals received certificates.</p> <p>The objectives of the training were:</p> <ul style="list-style-type: none"> <li>• Provision of business training and development services.</li> <li>• Business owner development.</li> <li>• Setting of clear business objectives and action plans.</li> <li>• Development of effective business systems and processes.</li> </ul> <p><b><u>Enterprise Development (27 – 30 March 2017)</u></b></p> <p>From 27 to 30 March 2017 a fully funded (ABSA) initiative was facilitated by LEAP Entrepreneurial Development. On average 17 business owners benefitted from the following modules that were covered:</p> <ul style="list-style-type: none"> <li>- Business Compliance.</li> <li>- Costing and Pricing Basics.</li> <li>- Marketing; and</li> <li>- Business Planning.</li> </ul>

SMALL, MEDIUM AND MICRO ENTERPRISE (SMME)	
ACTIVITY	DESCRIPTION
	<p><b><u>Business Skills Training (8 May 2017)</u></b></p> <p>The training was facilitated by Mr Magiel who was appointed by Department of Economic Development and Tourism (DEDAT). Approximately 30 newly registered business owners were invited. This training was especially focussed on the new registered business owners. They had to compile their own business strategy reports for the facilitator. Some of the topics that were covered, included:</p> <ul style="list-style-type: none"> <li>• CV Writing.</li> <li>• Business Plan.</li> <li>• Financial Statements.</li> <li>• Business Profile.</li> </ul> <p><b><u>Tender Training (15 – 19 May 2017)</u></b></p> <p>The Tender Training was done in conjunction with the Small Business Development Agency (SEDA). The following topics were covered extensively:</p> <ul style="list-style-type: none"> <li>- Tendering Basics.</li> <li>- Business Compliance.</li> <li>- Costing and Pricing.</li> </ul> <p>On average of 20 people attended the training,</p>
BUSINESS HIVES	
KwaNonqaba Beehives	<p>There are two non-profit organisations in these hives, namely the Kids Toy Library and an HIV/AIDS Support Group. Eight other businesses are also accommodated, namely:</p> <ul style="list-style-type: none"> <li>- 2 cleaning chemicals manufacturers.</li> <li>- Casket manufacturing.</li> <li>- 2 businesses doing textiles and clothing.</li> <li>- Training.</li> <li>- Security services.</li> <li>- Photography services.</li> </ul>
Adriaans Drive Beehives	<p>There are currently eight small businesses trading from these hives:</p> <ul style="list-style-type: none"> <li>- Upholstery.</li> <li>- Clothing Boutique.</li> <li>- Laundromat.</li> <li>- Printing and Stationery.</li> <li>- Computer Shop.</li> <li>- Air-Conditioning.</li> <li>- Frozen Vegetables.</li> <li>- Traditional Clothing and Herbs.</li> </ul> <p>There are currently 11 small businesses trading from these hives:</p> <ul style="list-style-type: none"> <li>- Secondhand Clothing.</li> <li>- Tyre Repairs.</li> </ul>
D’Almeida Beehives (Erf 6412)	

SMALL, MEDIUM AND MICRO ENTERPRISE (SMME)	
ACTIVITY	DESCRIPTION
	<ul style="list-style-type: none"> <li>- Trailer Hire.</li> <li>- Hair Salon.</li> <li>- Barber Shop.</li> <li>- Cellphone Repair Shop.</li> <li>- Needle Work.</li> </ul>
Arts and Craft Centre	<p>There are currently 9 artists working and selling their products from this centre:</p> <ul style="list-style-type: none"> <li>- Leather Products.</li> <li>- Jewellery.</li> <li>- Township Art.</li> <li>- Paintings.</li> <li>- Coffee Shop.</li> <li>- Hair Salon.</li> <li>- Needlework and Sewing (Mossel Bay Products).</li> <li>- Sunset Curios.</li> <li>- Silver and Accessories.</li> </ul>
Market Stalls	<p>There are currently 10 small businesses trading from this marker:</p> <ul style="list-style-type: none"> <li>- Secondhand Clothing.</li> <li>- Natural Skin and Health Products.</li> <li>- Biltong Shop.</li> <li>- Embroidery and Paintings.</li> <li>- Art Shop.</li> <li>- Take-Away / Deliveries.</li> <li>- Recycle Art.</li> <li>- Soup Kitchen.</li> <li>- Takeaways.</li> </ul>
Goods Shed Indoor Flea Market	<p>There are currently 25 informal businesses in the Goods Shed:</p> <ul style="list-style-type: none"> <li>- Arts and Crafts.</li> <li>- Book Shop.</li> <li>- Cellular Shop.</li> <li>- Clothing.</li> <li>- Restaurant.</li> <li>- Jewellery and Bags.</li> <li>- Leather Shop.</li> <li>- Toy Shop.</li> <li>- African Clothing.</li> </ul>



SMALL, MEDIUM AND MICRO ENTERPRISE (SMME)	
ACTIVITY	DESCRIPTION
Company Registrations and Compliance	<ul style="list-style-type: none"><li>- Lodged 184 company registrations electronically on the Companies and Intellectual Properties Commission (CIPC) website.</li><li>- 28 electronic submissions of Annual Returns on the Companies and Intellectual Properties Commission (CIPC) website.</li><li>- Registration with the Construction Industry Development Board (CIDB).</li><li>- 191 businesses were registered on the Central Supplier Database (CSD).</li></ul>

## Rural Development

The main goal of the Comprehensive Rural Development Programme (CRDP) is to inform the design and implementation of strategies and interventions to rural communities in the Mossel Bay municipal area to reduce rural poverty. The rural development model is to organise these communities into a legal structure that will enable them to network and link with strategic partners and to operate according to a business system.

The focus areas of the Rural Development Office include:

- Strengthening the capacity of rural people and improving their development.
- Improving community-level infrastructure, facilities and services.
- Further extending and improving the social safety net for poor rural people.
- Gradually improving the health and living standards of the poor in rural areas in general.

This approach combines social assistance with sectoral development, optimising the roles and functions of national, provincial and local government, extending support to vulnerable groups in rural nodes with the key focus on poverty-reduction initiatives.

The core function of the Rural Development Office is to facilitate and support rural development initiatives that are in line with the CRDP. The CRDP is focusses on enabling rural people to take control of their destiny, with the support from government, and thereby dealing effectively with rural poverty through the optimal use and management of natural resources. This will be achieved through a co-ordinated and integrated broad-based agrarian transformation as well as the strategic investment in economic and social infrastructure that will benefit the entire rural communities,

Nine rural communities have been identified and will benefit under the rural development model and include the following rural nodes:

- Brandwag.
- Sonskynvallei.
- Toekoms.
- Ruiterbos.
- Vleesbaai.
- Buisplaas.
- Herbertsdale.
- Great Brak River.
- Friemersheim.

Rural Development	
ACTIVITY	DESCRIPTION
Community Soup Kitchens	<p>The soup kitchens are managed by volunteers that were identified by the Rural Development Office and Council of Stakeholders in Herbertsdale and are in Herbertsdale, Toekoms, Brandwag and Jonkersberg.</p> <p>The soup kitchens are supplied with ingredients and gas or electricity on a monthly basis.</p> <p>These soup kitchens provide much-needed food security twice a week. The communities are relatively small and therefore the entire community benefits from the soup kitchens in the rural areas.</p> <p>Approximately 400 people, including women, children, disabled people and youth, benefit from the soup kitchens.</p>
Household Foodgardens	<p>An application for tanks and food garden equipment has been submitted to the Department of Agriculture. The identification requirement was that a beneficiary must be part of the household foodgarden project under the auspices of the Rural Development Office. Site visits were conducted by the Department of Agriculture and the Rural Development Office to beneficiaries of the household foodgardens to ensure that they are active in their gardens. The Department has confirmed that 15 gardens have been approved, namely ten in Herbertsdale and five in Buisplaas.</p> <p><b>Sonskynvallei:</b> Applications for Sonskynvallei were also approved and five beneficiaries would benefit from this project.</p> <p><b>Herbertsdale</b> – (Funded by Department of Rural Development and Land Reform). Together with the Department of Agriculture, the Municipality's Rural Development Office visited this node to identify food gardens.</p> <p><b>Toekoms</b> – (Funded by Mossel Bay Municipality and the Department of Agriculture). Visits were also paid to Toekoms. Beneficiaries only foresee problems with fertiliser, otherwise they are excited about the gardens.</p> <p><b>Jonkersberg</b> - (Funded by Mossel Bay Municipality) Visits were paid to Jonkersberg. The gardens in Jonkersberg are</p>

ACTIVITY	Rural Development DESCRIPTION
	successful and beneficiaries also provide for the rest of the community. However, the residents requested that a competition be held in order to involve the whole of Jonkersberg. This is an initiative of the Rural Development Office.
Youth Café	<p>The concept of the Youth Café was developed by the Western Cape Department of Social Development. The Youth Café is a facility that provides a diverse range of creative environments aimed at stimulating young minds. It is a space where the youth can interact, network, gain knowledge and develop skills to become marketable young adults in a competitive job market. Petro SA identified the project to establish a Youth Café in Great Brak River to address the socio-economic issues that affect the youth. The official hand-over of the building took place on 15 March 2017 and on the 30 June 2017 a service provider was appointed by the Department of Social Development to implement projects and programmes at the Youth Café.</p> <p><b>Youth Café Activities</b></p> <p><b>Life Skills Programme</b></p> <p>Wonderful SA Foundation hosted the orientation week for the new students of the Great Brak River Youth Café during the week of 8 - 13 May 2017. The aim of the week was three-fold: Firstly, to get to know the new student and to build a relationship of trust with them; secondly, team building - for the students to get to know one another, build trust with each other as well as learning to work together; thirdly, to do critical life skills, equipping the students and to expose them to key community leaders in the public and private sectors. Ten students took part in the Life Skills Programme.</p> <p>Topics dealt with were:</p> <ul style="list-style-type: none"> <li>- Team relationship building.</li> <li>- My life is vital, valuable and precious.</li> <li>- Understanding my purpose.</li> <li>- Roadblocks to a successful future.</li> <li>- Strategically building my future.</li> <li>- Understanding the strategy for our region.</li> <li>- Planning for my future.</li> <li>- Living beyond myself, caring for my community.</li> <li>- Living life to the full.</li> <li>- Embracing adventure.</li> <li>- Celebration of our victories.</li> </ul> <p>Speakers included the Mayor of Mossel Bay, the Director of Corporate Services of the Municipality, local business owners, the owner of the Great Brak Post newspaper as well as staff of Wonderful SA Foundation and the Municipality.</p>

ACTIVITY	Rural Development DESCRIPTION
	<p>The students were also exposed to the helicopter flight simulator at Starlight Aviation. This was to inspire the students to think big concerning their future.</p> <p>The week culminated with a night together on Ashar Heights, a farm owned by Wonderful SA Foundation. Team building, relationship building and fun were the main aims of this night away. On the final morning the group was joined by the Mayor, the Deputy Mayor, two Councillors and the Director of Corporate Services as guests. The students received certificates of attendance, a T-shirt and the winning student received a trophy. It was an incredible start to the year filled with promise and potential.</p> <p><b>HOLIDAY PROGRAMME</b></p> <p>A door-to-door campaign was launched to promote the services and opportunities at the Youth Café. The April school holidays presented an opportunity to the rural development team to create awareness among young people of Great Brak River about the Youth Café. This opportunity was fully utilised, hence a holiday programme was implemented by the rural development team in partnership with Wonderful SA Foundation.</p> <p><b>KIDS CLUB</b></p> <p>The Municipality, in collaboration with Wonderful SA Foundation, hosted the very first Kids Club at the Great Brak River Youth Café on 4 and 5 April 2017 as part of the Youth Café Holiday Programme. The aim of the programme was to give the children between the ages of 6 and 13 exposure to the beautiful new facilities and to build relationships with the community and streets around the facilities. The two days set aside for the children were filled with fun and it was a platform where children could build relationships with one another. Finally, the aim of the programme was to help children to realise that they are valuable and precious, no matter the circumstances around them. The first Kids Club was a huge success and achieved all its objectives. The goodwill was incredible. At the end of the Kids Club, children were waving and smiling and shouting as they saw the facilitators, running to hug and greet them. This was a great start for the Great Brak Youth Café.</p> <p><b>LEARNERSHIPS</b></p> <p>The Youth Café partner, GMLS, was informed by the TETA that there is an opportunity for ten unemployed youths to apply for the TETA Learnership. The training room at the Youth Café will be utilised for this learnership. A stipend of R1 500 will be paid to successful candidates who applied for the learnership. The criteria were given by GMLS and the EPWP and students distributed the advertisement to make sure that everybody has a chance</p>

ACTIVITY	Rural Development DESCRIPTION
	<p>to apply. The closing date for applications was 28 April 2017. A week-long life skills programme in collaboration with Wonderful SA Foundation took place from 8 - 13 May 2017. Activities included team building, living beyond myself and caring for the community, living life to the full and celebration.</p> <p>Reading and Mathematics Centre: Mr Smit, representative of the Mathematics Centre conducted a programme on 18 April 2017 at the Youth Café with the 10 EPWP students. The purpose of the visit was to give the students a brief understanding of reading and writing mathematics. There were 1 030 visits recorded to the Youth Café from March to April 2017.</p>
Training and Development	<p>The Municipality assisted the Department of Agriculture into coordinating the event by informing the COS for community participation.</p> <p>The Youth Work Opportunity Programme was held on 15 November 2016 at the Friemersheim Community Hall. The session was opened by the Pastor with a prayer. There were two representatives from Kolping Society and youth members from different rural nodes. The objectives of this programme is to help the youth in promoting access for better working opportunities and equipping them with skills in the following:</p> <ul style="list-style-type: none"> <li>- Life Skills.</li> <li>- HIV / AIDS Awareness.</li> <li>- CV Writing.</li> <li>- Interview Readiness.</li> </ul> <p>A certificate ceremony was held for the learners that completed the programme. Learners will be placed with host employers and a visit will be scheduled by the representatives from Kolping to visit Friemersheim,</p> <p><b>LED TOUR WITH COUNCILLORS TO FRIEMERSHEIM</b></p> <p>An excursion was conducted on 20 February 2017 with the Councillors of the social stream to Friemersheim to view all LED Projects. The starting point was at Die Kraal which is managed by the COS Friemersheim Ontwikkelingsvereniging. It serves as a hub for all agricultural projects in Friemersheim. Freeheim eggs is a project that is funded by the Department of Agriculture and the Department of Rural Development and Land Reform, This project supplies eggs to local suppliers and the informal market. The bee farming and the honey bush tea production is also a business hub that supplies product to local suppliers and the informal market. All the project needs is available land to increase the value chain of the product,</p>

ACTIVITY	Rural Development DESCRIPTION
	<p><b>Trancraa Training</b> – Ten volunteers receive training on the legal entries to which the land can be transferred to, Certificate Ceremony – Ten community members received certificate for the follow training that they attended: Meeting Procedures. Soil Preparation. Entrepreneurship. Plant Feeding. Communications.</p> <p><b>Barista Training</b> Barista Training was conducted on 16 and 17 February 2017 at Baruch's Coffee House by the owner. Two people attended,</p> <p><b>Cape Access Training</b> The appointees from the Municipality and Cape Access were on International Computer Driver's License training in Oudtshoorn from 20 -24 February 2017 Oudtshoorn from 20 - 24 February 2017,</p> <p><b>Communication Training</b> Seven students from Herbertsdale benefitted from the training conducted by the Department of Agriculture,</p>
COS Support	<p><b>Herbertsdale</b> A need for the removal of alien invasive plants arose in the Herbertsdale water catchment area. The need was identified by the Council of Stakeholders and in collaboration with the Rural Development Office a business plan was created and handed to Mr Thembelani Dassie, representative of BGCMA. The focus of the business plan is to address the removal of predominantly Black Wattle trees.</p> <p><b>Friemersheim</b> A site visit was paid to the COS of Friemersheim on 4 May 2017. The COS reported to the Rural Development Office that an action committee was established in the community and requested guidance from the Rural Development Office. The officials had to mediate between the COS and the action committee to find a solution to resolve community issues. The chairperson of the COS requested that the Rural Development Office assists with the transport for the elderly to collect their ID cards at the Mossel Bay Thusong Centre. The request was reported to Ms N Jika, Thusong Centre Manager, and the transport was arranged on 25 May 2017 for the elderly people of Friemersheim. The COS also needed more information on the CWP programme. This request was brought to the attention of Mr George van der Westhuizen,</p> <p><b>Council of Stakeholders visits</b> These visits took place as follow:</p> <ul style="list-style-type: none"> <li>• Vleesbaai, 19 September 2016.</li> </ul>

ACTIVITY	Rural Development DESCRIPTION
	<ul style="list-style-type: none"> <li>• Herbertsdale, 20 September 2016.</li> <li>• Jonkersberg, 21 September 2016.</li> <li>• Friemersheim, 21 September 2016.</li> <li>• Buisplaas, 22 September 2016.</li> <li>• Sonskynvallei, 22 September 2016 and 19 September 2016.</li> </ul> <p>The purpose of the visits was to engage with communities on priorities and to provide support to community organisation structures (Non-Governmental Organisations) to assist with the:</p> <ul style="list-style-type: none"> <li>• Establishment of economic and infrastructure projects to facilitate economic growth in the nine rural nodes by progression.</li> <li>• Skills development and to identify social training for unemployed people in nine rural nodes.</li> <li>• Sustainable employment created for unemployed people in nine rural nodes.</li> <li>• Improving food security through interventions at a household level.</li> </ul>
Substance Abuse	<p><b>The purpose:</b> To educate communities of dangers of substances abuse and to identify alternatives for the abuse of substances. The purpose is also to provide much-needed information to community leaders on how to assist community members who have drug-related addictions,</p> <p><b>SUBSTANCE AWARENESS CAMPAIGNS:</b></p> <ul style="list-style-type: none"> <li>• Great Brak River Secondary School – 24 January 2017.</li> <li>• Herbertsdale – 9 February 2017.</li> <li>• Asla Park Community Hall - 22 September 2016 – 100 people attended.</li> <li>• Great Brak River – 19 August 2016 – 37 people attended.</li> <li>• Buisplaas – 9 August 2016 – 23 people attended.</li> </ul> <p>The Municipality was asked by the New Horizons Ministries to assist them with organising the event, which was held at the Brandwag Community Hall. Mr Setchmor Rhoades of the Municipality to address the attendees on the CRDP programme and substance abuse. The focus was on how substance abuse is affecting the communities and what can be done to help people that find themselves in this predicament,</p> <p>The Rural Development Office conducted awareness programmes on 24 January 2017 at the Great Brak River Secondary School and in Herbertsdale. A total of 33 matriculants attended the session. The focus of the programme was to warn and inform the students of drug use and the negative impact it will have on their studies,</p>

ACTIVITY	Rural Development DESCRIPTION
	<p>specifically their matric exams should they get involved in substance abuse.</p> <p>In Herbertsdale 24 residents who are working on the resealing of the Herbertsdale Road attended the awareness session. The session was held on 9 February 2017. The purpose of the gathering was also to have a certificate ceremony for Flagman training that was rolled out by the contractor. The focus of the substance abuse programme was to inform the workers of the impact substance abuse has on their work as well as the safety of their co-workers,</p>
Water Tank Project	<p>To establish the need for water tanks in this rural node, the identified farms were visited on 4 November 2106. Application forms were handed out to the farmers and their workers to apply for tanks, which will be supplied by the Municipality. The use of the tanks will be for household and sanitation use.</p> <p>The rural development team assisted 28 beneficiaries of Buisplaas to fill out application forms for rainwater-harvesting tanks. The applications were submitted to the Breede Gouritz Catchment Management Area. The applications were approved and Casidra, the service provider for the Catchment Management Agency, will deliver and install the tanks.</p> <p>Application forms were also distributed in the Herbertsdale community. The COS assisted the rural development team with the distribution of the application forms,</p> <p>Eleven persons benefitted from the municipal water tank project, which is aimed at supplying tanks to farm workers and farm owners who do not have access to running water.</p>
School Support Programme	<p>The Rural Development Office assisted Great Brak River Secondary School with seven applications for the Western Cape School Support Programme. The Western Cape School Support Programme is funded by the National Treasury Jobs Fund and aims to provide development and employment opportunities for unemployed matriculants under the age of 25 in Western Cape schools. The Rural Development Office also provided Herbertsdale Primary School with application forms that will be submitted to the Western Cape Department of Education for processing.</p>
Herbertsdale Shake-Shake	<p>The Shake-Shake was held on 26 of October 2016 to supply the contractors with local general labourers. A total of 50 labourers were required for the project. The gender ratio was established at 25:25.</p> <p>Notice of the Shake-Shake was done by way of loud hailing a day before the event in the particular Ward. The Ward Councilors and the Ward Committee members were informed via SMS.</p>



ACTIVITY	Rural Development DESCRIPTION
	<p>Unemployed people who came to apply at the Shake-Shake had to register their details, received a numbered ticket that they had to throw in a box and which was used for the Shake-Shake process.</p> <p>The numbered tickets were drawn by the community members present. The process was transparent and conducted in the presence of the community, officials and contractors, COS and Ward committee members,</p>
Local Drug Action Committee (LDAC)	<p>A workshop was held on 2 November 2016 at the D'Almeida Civic Centre. The following Departments and Organisations attended the workshop: SAPS, CEF, Department of Health, Department of Education, Department of Social Development, Women of Destiny in Christ, Mossel Bay Child Welfare, Alcoholics Anonymous, Omgee Rehab, Vroue-in-Aksie and various churches.</p> <p>It was explained that the Mossel Bay Municipality's role is to create a platform where substance abuse issues can be addressed and at this point in time the only function of the Municipality is to assist with administrative tasks. A working group, which consists of different organisations is currently taking the responsibility of the functions of LDAC until a structure is formally established, At this stage, anyone can serve on the committee which responds to invites sent out by the Rural Development Office. Various presentations were made by stakeholders on how their organisation addresses the problem.</p> <p>Pastor Niel Williams commended and agree to the idea of an all-inclusive structure and strongly felt that the community and all parties involved should not only rely on newspaper articles, but that the Municipality should at least do more to reach out to get a huge turnout at these workshops. He feels that it is essential for Church leaders to receive training on how to deal with addicts.</p> <p>An election was held on 20 February 2017 in the D'Almeida Civic Centre to establish the Local Drug Action Committee. The purpose was to inform the community and the relevant role players of the structure. The following public participation process were used to distribute the information: the Municipal Facebook page; e-mails to the Ward committee members as well as people on the Data Base of Local Churches; notice in the local newspaper.</p> <p>Individuals, organisations and stakeholders were requested to first register their organisations at the Rural Development Office and nominate a person to stand for the elections on 20 February 2017. These names were forwarded to the IEC who were responsible for conducting and facilitating the election process. The Municipality entered into a Memorandum of Agreement pertaining to the elections of the executive members of the Local Drug</p>

Rural Development				DESCRIPTION
ACTIVITY				
				<p>Action Committee. A ballot paper was created by the IEC with the names forwarded by the Rural Development Office after the closing date, which was on 17 February 2017. A democratic process was followed to elect the following persons:</p> <ul style="list-style-type: none"> <li>- Chairperson: Niel Williams.</li> <li>- Vice – Chairperson: Werner van Aswegen.</li> <li>- Treasure: Devon Fredericks.</li> <li>- Secretary: Rita Kayser.</li> <li>- Additional member: Mervin Barnard.</li> <li>- Additional member: Zalda Swart.</li> <li>- Additional member: Sarina Africa.</li> </ul> <p>The Rural Development Office arranged training for the executive members of the Local Drug Action Committee on 19 May 2017 at the Municipal Council Chambers. The training was conducted by Ms. Chantelle Pepper, the person responsible for the substance abuse programme at the Western Cape Provincial Department of Substance Abuse. The training focusses on the roles and responsibilities of the Local Drug Action Committee as well as reporting structures to the Provincial and Central Drug Authority. An example of a year plan aligned with outcomes in the National Drug Master Plan was discussed to assist the Local Drug Action Committee, which suggested that a site visit be conducted to the Toevlug Care Centre in Worcester for the members to be exposed to operations of a rehabilitation centre.</p>
Department of Education: Public Hearing Regarding Denneprag Primary School				<p>The Rural Development Office assisted the Department of Education to inform the community and give background on their internal purposes concerning the closing down of Denneprag Primary School. It also gave a platform for the community to make presentations to Government as to why the school should not be closed. The Government's representatives promised to take all that was said by the parents into consideration and that they would revert back to them.</p>
Brandwag	Community	Meeting	with Department of Rural Development and Land Reform	<p>The purpose and objective of this meeting was to introduce the 1- Household, 1-Hectare Project initiative to the Brandwag Community, to explain how the project will help them economically, why this specific community was identified for this project, how the identification of the beneficiary system will work and who will be working together with DRDLR in this project in order for it to become a success.</p>
Social Cohesion				<p><b>Intergovernmental Steering Committee (ISC) Meeting</b> The ISC serves as strategic platform where Government, Private Sector and the Local Communities engage on a two-monthly basis to discuss matters in Rural Communities. These meetings were held on:</p>

Rural Development	
ACTIVITY	DESCRIPTION
	<ul style="list-style-type: none"> <li>• 26 July 2016.</li> <li>• 26 October 2016.</li> <li>• 24 May 2017.</li> </ul> <p>The Rural Development Office provides continuous support to the Council of Stakeholders. This support includes administrative support as well as monitoring and maintaining of compliance processes of NPO's.</p>
Land Reform Project	<p><b>Transformation of Certain Rural Areas Act (Trancraa):</b> On 17 June, the Rural Development Office received a letter from the Department of Rural Development and Land Reform. This letter referred to a portion of the land in Friemersheim to be transferred to the community of Friemersheim or the Municipality.</p> <p>An item was prepared and tabled to Council on 29 September 2016. Council resolved that the Department of Rural Development and Land Reform and the Friemersheim Community should decide on the matter and to facilitate it.</p>
CPA – Communal Property Association	<p>An CPA election took place on 1 September 2016 at Brandwag, The Rural Office in collaboration with the Department of Rural Development and Land Reform facilitated the process. In terms of the CPA constitution an election should take place every three years at an Annual General Meeting. The Executive Committee is as follows:</p> <p>Chairperson - Margret Pieterse. Deputy Chairperson - Wesley Johnson. Secretary - Andrew Griffiths. Treasurer - Betinea London.</p>
Vleesbaai Thanksgiving Service	<p>A Thanksgiving Service was held on 11 December 2016 in Vleesbaai. The Rural Development Office and Council Support Office assisted the Council of Stakeholders with the planning and logistical arrangements for the Service. The service is an annual event of the COS to end the activities of the year. The Executive Mayor, Alderman Harry Levendal, also attended the service.</p>

## TOURISM DEVELOPMENT AND MARKETING

Mossel Bay Tourism, a Section 21 company and an independent local tourism operator, performed the tourism marketing function for the Municipality in the 2016/2017 financial year.

Mossel Bay Tourism's primary task is to provide information using all facets of the marketing mix to the best advantage and thereby enticing visitors to view Mossel Bay as their destination

of choice, a destination where our visitors can enjoy their stay, spend their money, leave with great memories, and ultimately recommend Mossel Bay to all their friends.

In the past year Mossel Bay Tourism has actively participated and worked alongside the Municipality in setting up the Local Economic Development and Tourism Strategy and Implementation Plan using the PACA process. A marketing strategy is by its very nature a fluid document that requires constant revision and updating and the realisation that outside factors can affect the outcomes. It is also necessary that all role players whether directly involved or involved on a third-party basis in tourism play an important role and thereby ensure the success of tourism in Mossel Bay.

It is necessary that Mossel Bay Tourism (DMO) aligns into strategy with that of the NDT, SA Tourism, WESGRO and Eden District Municipality and that a partnership with these entities are of the utmost importance. Mossel Bay aligned with Eden District Municipality at the Beeld Holiday Show and with EDM and WESGRO at the annual Tourism Indaba.

Mossel Bay is a member of, and can benefit greatly from our partnership with SATOA (Southern Africa Tourism Services Association) as they have recently signed a marketing SLA with South African Tourism. A similar SLA with WESGRO is on the cards. This has resulted in the decision to form a Southern Cape Chapter of SATOA and Marcia Holm has been requested by both entities to become part of the founding committee and to become involved with future plans. This development can be very beneficial for the future marketing of Mossel Bay.

Mossel Bay Tourism is presently a member SAACI (South African Association for the Conference Industry) and is looking to join Skål International (worldwide club of travel professionals).

Regular discussions are also required with our neighbouring towns since tourists do not know municipal or provincial boundaries and visit regions and not only specific towns. Our job is to see that Mossel Bay makes it easy for the tourist to do so.

The Board of Mossel Bay Tourism consist of:

- Mr Werner Kock – ATKV – Chairman
- Mr Attie Roos – Diaz Beach Haven Self-Catering and Guest House – Deputy Chairman
- Ms Renée Malan – Bar-T-Nique Guest House
- Ms Marika Thomatos – Munro Manor Guest House / Business Chamber
- Mr Gerhard van Rooyen – Indalu Elephant Experience
- Adv T Giliomee – Municipal Manager: Mossel Bay Municipality

- Councilor Venolea Fortuin – Mossel Bay Municipality
- Councilor Mark Furness – Mossel Bay Municipality

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.12 LIBRARIES

The public library provides free services and resources with a variety of materials to meet the needs of individuals and groups in the community with educational, cultural, informational and personal development and recreation as objectives. As such, libraries are important in the development and empowerment of communities and should be available to everyone as set out in the *IFLA/UNESCO Public Library Manifesto, 1994*.

The UNESCO Public Library Manifesto of 1994 emphasises the role of a free gateway to knowledge:

- Information.
- Literacy.
- Education.
- Culture.

The Mossel Bay Local Municipality is a category B municipality that falls under the Eden District Municipality. The municipal area includes Boggoms Bay, Brandwag, Friemersheim, Great Brak Rivier, Herbertsdale, Mossel Bay, and Vleesbai.

A library can be considered a store – house of knowledge. In dictionaries the word “library” has been defined as “a building or room containing a collection of books”. A library renders a great service to the society. There are many Public Libraries maintained by the local authorities throughout the island.

The public library, apart from its ongoing traditional role, has an important role to play as a free community information hub. It serves as a knowledge centre, learning centre, study centre and community resource centre. They enhance social interaction with communities sharing the public space. This contributes to social cohesion, one of the strategic Cabinet objectives. The public library serves as a community development agency in establishing reading as recreation and information source in early childhood, building hunger for knowledge into lifelong learning, giving learning support and learning space to learners and enhancing reading as a life skill. The Manager for Library Services drafted a new operational plan for library services which was approved by the executive management. The Manager for Library Services also drafted the ICT Policy for public computer in the library for usage by the public, which was approved by the Council. This document set the framework for the terms and conditions of use of Information and Communication Technology (ICT) services, equipment and infrastructure in Public Libraries by members of the public.

The Mossel Bay Public Libraries provide access to ICT services as part of their library services.

These services are available to the community and are free apart from the printing facilities. These resources are intended to provide customers with cultural, learning and e-learning services available on the internet. The aim of the ICT Policy is to ensure that customers can enjoy a safe productive experience and the misuse and abuse of the ICT service are kept to a minimum.

There was a 9.8 % increase in the circulation of library material this year.

EMPLOYEES: LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER					
Job Level	2016		2017		
	Employees	Posts	Employees	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>0 - 3</b>	1	1	1	0	0%
<b>4 - 6</b>	3	3	3	0	0%
<b>7 - 9</b>	6	8	6	1	13%
<b>10 - 12</b>	7	15	7	8	53%
<b>13 - 15</b>	9	15	9	6	40%
<b>16 - 18</b>	11	21	11	10	48%
<b>19 - 20</b>	18	30	18	12	40%
<b>Total</b>	55	93	55	37	40%

FINANCIAL PERFORMANCE 2017: LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER					
Details	2016		2017		R'000
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7122	9662	11573	11607	17%
<b>Expenditure:</b>					
<b>Employees</b>	10798	12153	11061	11254	-8%
<b>Repairs and Maintenance</b>	437	697	590	538	-29%
<b>Other</b>	4100	3374	3418	2962	-14%
Total Operational Expenditure	15335	16224	15069	14754	-10%
Net Operational Expenditure	8213	6561	3496	3147	-108%

CAPITAL EXPENDITURE 2017: LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER					
Capital Project	2016		2017		R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	2 380	4 408	4 332	45%	
<b>Furniture &amp; Office Equipment</b>	10	14	9	-18%	
<b>Computer Equipment</b>	5	—	—	—	

CAPITAL EXPENDITURE 2017: LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER R' 000					
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
Replace Printer at Point Caravan Park	–	5	3	100%	
Upgrading of Parking Area: KwaNonqaba Hall	100	84	84	-19%	
Replacement of one existing International Stove	55	48	48	-15%	
Alarm System for D' Almeida Community Hall	–	6	6	100%	
Alarm System for Voortrekker Hall	–	5	5	100%	
Upgrade Brandwacht Community Hall Kitchen	–	80	79	100%	
Installation of People Counters	35	3	–	–	
Installation of People Counters	5	–	–	–	
New Library Building	1 754	3 241	3 289	47%	
New Library Building	246	554	459	46%	
Book Detection-Herbertsdale	37	19	–	–	
Book Detection-Herbertsdale	5	–	–	–	
Book Detection-Friemersheim	37	18	18	-113%	
Book Detection-Friemersheim	5	–	–	–	
Book Detection-Ellen van Rensburg	37	144	110	66%	
Book Detection-Ellen van Rensburg	5	0	–	–	
Book Detection-Hartenbos	37	1	–	–	
Book Detection-Hartenbos	5	–	–	–	
Carpet for Children's Area	–	2	1	100%	
Furniture & Office Equipment- Mossel Bay Library (New)	–	24	24	100%	
Carpet for Children's Area: Sonskynvallei Library	–	2	1	100%	
Furniture & Office Equipment- D'Almeida Library (New)	–	9	9	100%	
Replace Curtains and Blinds: D'Almeida Library	–	14	14	100%	
Furniture & Office Equipment (IT Centre): D'Almeida Library (New)	–	15	15	100%	
Tablets-Donated Asset	–	31	–	–	
E-Readers-Donated Asset	–	15	15	100%	
Donated Computers - D'Almeida	–	–	87	100%	



CAPITAL EXPENDITURE 2017: LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER R' 000					
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Photocopy Machine: Ellen van Rensburg Library</b>	–	36	36	100%	
<b>Carpet for Children's Area: KwaNonqaba Library</b>	–	2	1	100%	
<b>Installation of an Alarm System-KwaNonqaba Hall</b>	–	23	8	100%	
<b>Carpet for Children's Area: Hartenbos Library</b>	–	2	1	100%	
<b>Scanner for the Library: Hartenbos</b>	–	10	6	100%	
<b>Carpet for Children's Area: Ruierbos Library</b>	–	2	1	100%	
<b>Carpet for Children's Area: Herbertsdale Library</b>	–	2	1	100%	
<b>Furniture &amp; Office Equipment- Herbertsdale Library (New)</b>	–	–	–	–	

### 3.13 CEMETERIES

#### INTRODUCTION TO CEMETERIES

Part of the responsibilities of the Parks and Recreation section is the management and maintenance of the municipal cemeteries. There are currently seven municipal cemeteries in the whole of the municipal area and six of these cemeteries are still in active use. The Point cemetery has already been closed, but due to the historic significance thereof, the cemetery is still maintained and cleaned and public access to the cemetery is still available. The Municipality is currently busy with the development of a new cemetery.

The maintenance of cemeteries is becoming increasingly difficult due to vandalism and theft of property, such as boundary fences. Unfortunately, some of the cemeteries are frequented by unwanted people and this has a negative effect on the safety of persons visiting the graves of loved ones.

The Municipality also provides burial sites for indigent and pauper burials as stipulated by law.

#### SERVICE STATISTICS FOR CEMETERIES

The number of burial sites decreased again and this is following the trend of the last couple of years. This decrease in burial sites can partly be attributed to the fact that many churches develop niche walls on their premises for members of their congregations.

A total number of 312 burial sites were allocated. There was a significant increase in the number of indigent burials and a total of 226 burials took place together. Three pauper burials also took place. A total of 26 graves were reopened for burial purposes.

There are several niche walls available at some of the municipal cemeteries and during this reported period a total of 11 double niches and 6 singles niches were sold.

The allocated budget for cemeteries was R1 017 831. This amount includes salaries. The budget also made provision for an income from sales of burial sites to the amount of R306 264.

FINANCIAL PERFORMANCE 2017: CEMETERIES					
Details	2016 Actual	Original Budget	2017 Adjustment Budget	Actual	R'000 Variance to Budget
Total Operational Revenue	318	306	170	188	-63%
<b>Expenditure:</b>					
<b>Employees</b>	435	510	822	821	38%
<b>Repairs and Maintenance</b>	42	64	31	30	-114%
<b>Other</b>	406	445	353	1417	69%
Total Operational Expenditure	883	1018	1205	2268	55%
Net Operational Expenditure	564	712	1035	2080	66%

CAPITAL EXPENDITURE 2017: CEMETERIES					
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	R' 000 Total Project Value
<b>Total All</b>	4 000	4 000	3 751	-7%	
<b>Establishment of new cemetery-Pinnacle Point</b>	4 000	4 000	3 751	-7%	

#### COMMENT ON THE PERFORMANCE OF CEMETERIES:

The Municipality is in the process of developing a new regional cemetery. This process of identifying the site and to get the necessary environmental authorisation took many years. The new cemetery is about 17 hectares in size with an estimated lifespan of 50 years. The development of the cemetery will be done over 2 financial years and the estimated total cost

of the project is R7,2 million. This cemetery should be operational by the end of the 2017/2018 financial year.

The Municipality is successful in maintaining the cemeteries to a high standard even though vandalism and theft of property are problematic and on the increase. The decrease in the number of burials as well as the increase of indigent burials also has a negative effect in the projected income for the cemeteries.

### 3.14 SOCIAL PROGRAMMES

The Socio-Economic Department creates an environment for socio-economic development through the support and strengthening of programmes and Project for vulnerable groups.

COMMUNITY DEVELOPMENT			Description
Activities			
Early Childhood Development Centres			<p>Bi-monthly meetings with 50 principals of Early Childhood Centres to discuss issues pertaining to Early Childhood Development Centres took place on:</p> <ul style="list-style-type: none"> <li>• 18 August 2016.</li> <li>• 17 November 2016.</li> <li>• 9 March 2017.</li> <li>• 18 May 2017.</li> </ul> <p>The Expanded Public Works Programme enabled the Municipality to appoint Early Childhood Assistants at the following Early Childhood Development Centres:</p> <ul style="list-style-type: none"> <li>• Vusizizwe Crèche.</li> <li>• Sons and Daughters Crèche.</li> <li>• Juweeltjie Crèche.</li> <li>• Sonstraaltjies Crèche.</li> </ul> <p>Ongoing support is rendered to Early Childhood Development Centres in conjunction with the Department of Social Development.</p> <p>The Early Childhood Development Centres participated in the Dias Festival Art Competition sponsored by the Garden Route Casino Community Trust and the following winners were presented with prize money:</p> <p>1<sup>st</sup> Prize: Plaasjapies ECD, Great Brak River: R5000.</p> <p>2<sup>nd</sup> Prize: Bimbo ECD, Hartenbos: R3000.</p> <p>3<sup>rd</sup> Prize: Huppelskool, Herbertsdale: R2000.</p> <p>PetroSA supported the Early Childhood Development Centres by donating R70 000 to 21 Early Childhood Development Centres. These Early Childhood Development Centres were identified by the Mossel Bay Municipality and the Department of Social Development.</p>
Soup Kitchen Project			<p>The Soup Kitchen Project was aimed at disadvantaged sick and elderly people and was run by volunteers from their homes on a monthly basis, Beneficiaries received bread and soup twice a week. Approximately 744 people are served with soup and bread per month and the target group receive soup twice per week,</p> <p>The 19 soup kitchens are operating in the following areas:</p>

COMMUNITY DEVELOPMENT	
Activities	Description
	<ul style="list-style-type: none"> <li>• D'Almeida.</li> <li>• Die Gaatjie.</li> <li>• Tarka.</li> <li>• Joe Slovo.</li> <li>• Asla Park.</li> <li>• Great Brak River.</li> <li>• Extension 23.</li> <li>• Sonskynvallei.</li> <li>• KwaNonqaba.</li> </ul>
Food Security Project	<p>The Municipality renders ongoing support to Household Food Gardens and Communal Food Gardens. The support rendered is training in collaboration with the Department of Agriculture and the gardens are also supported with seeds.</p> <p>The 59 household food gardens are in the followings areas:</p> <ul style="list-style-type: none"> <li>• D'Almeida.</li> <li>• Extension 13.</li> <li>• Highway Park.</li> <li>• Tarka.</li> <li>• Extension 6.</li> </ul> <p>The 4 communal food gardens are situated at:</p> <ul style="list-style-type: none"> <li>• Juweeltjie Early Childhood Development Centre, Extension 13.</li> <li>• Vuka-Vuka Communal Food Garden, KwaNonqaba.</li> <li>• Friemersheim Early Childhood Development Centre, Friemersheim.</li> <li>• Civic Park Early Childhood Development Centre, Civic Park.</li> </ul> <p>These food gardens supply vegetables to their households, neighbours, crèches and nearby clubs for the aged.</p>
Clothes Bank	<p>Clothing was donated by the public and was then distributed to beneficiaries based on the needs identified by other departments, NGOs and individuals. Clothing is also widely distributed to victims of fires in the Mossel Bay municipal area.</p>
Empowerment of Women of Rural Areas	<p>The empowerment of women in rural areas took place in the following areas where various topics were discussed with the women who attend the sessions:</p> <ul style="list-style-type: none"> <li>• Jonkersberg.</li> <li>• Friemersheim.</li> <li>• Buisplaas.</li> <li>• Ruiterbos.</li> </ul> <p>The following topics were discussed at the sessions:</p> <ul style="list-style-type: none"> <li>• Identifying of needs of the women groups.</li> <li>• Teenage pregnancies.</li> <li>• Needlework sessions.</li> </ul> <p>The women groups reached 25 women.</p>
Child Protection Programme: 2016	<p>The Child Protection Programme took place on 4, 11, 25 June 2016 and 2 July 2016. The theme was "Let us protect children to move South Africa forward."</p>

Activities	COMMUNITY DEVELOPMENT Description
	<p>The programme took place in conjunction with the following departments and organisations and 199 children and 51 parents were reached:</p> <ul style="list-style-type: none"> <li>• Department of Social Development.</li> <li>• ACVV Mossel Bay.</li> <li>• Fire and Rescue Services.</li> <li>• Community Development Workers.</li> <li>• Heart-2-Heart.</li> <li>• Department of Justice.</li> <li>• Mossel Bay Traffic Services.</li> <li>• South African Police Services.</li> </ul> <p>The programme was aimed at the family unit and parents and children were informed about various topics:</p> <ul style="list-style-type: none"> <li>• Safety in and around the house.</li> <li>• Right and responsibilities of parents .</li> <li>• Road safety.</li> <li>• Fire safety.</li> <li>• Services of Heart-to-Heart.</li> <li>• Services of the Community Development Workers.</li> </ul> <p>This programme took place in the following areas:</p> <ul style="list-style-type: none"> <li>• KwaNonqaba.</li> <li>• Brandwag.</li> <li>• Powertown.</li> <li>• Buisplaas.</li> </ul>
Bands and Brigades	<p>Bi-annual meetings were held with representatives of the 8 bands and brigades on the following dates:</p> <ul style="list-style-type: none"> <li>• 17 August 2016.</li> <li>• 16 November 2016.</li> <li>• 1 March 2017.</li> <li>• 17 May 2017.</li> </ul> <p>On 17 July 2015, a church service took place at the Dutch Reformed Church for the inauguration of the band of the church. On 19 February, a church service took place at the Greenhaven AFM Church in Great Brak River. The service was attended by the bands and brigades of Great Brak River and Mossel Bay.</p> <p>The bands and brigades also performed at the following event:</p> <ul style="list-style-type: none"> <li>• Heritage Day on the 24 September 2016.</li> <li>• Moss Walk on 1 October 2016.</li> <li>• Mossel Bay Art Society Members Evening on 12 November 2016.</li> <li>• Take Back the Night March on 23 November 2016.</li> <li>• Brandwag Christmas Function on 3 December 2016.</li> <li>• Switching on of Christmas Lights on 10 December 2016.</li> <li>• Vleesbaai Christmas Function on 11 December 2016.</li> <li>• Street Parade of Dias Festival on 4 February 2017.</li> <li>• Stage Programme of Dias Festival on 5 February 2017.</li> </ul>

Activities	COMMUNITY DEVELOPMENT Description
	<p>Awareness Programmes took place with the bands and brigades on 12, 15 and 20 September 2016 as follows:</p> <ul style="list-style-type: none"> <li>• Advent Band, Mossel Bay.</li> <li>• Nativity Band, Mossel Bay.</li> <li>• VGK Mossel Bay, Mossel Bay.</li> <li>• Boys Brigade, Great Brak River.</li> <li>• VGK Boys Brigade, Great Brak River.</li> <li>• Aldachique Music Academy, Mossel Bay.</li> <li>• Guiding Stars Band, Mossel Bay.</li> <li>• All Saints Brigade, Mossel Bay.</li> </ul> <p>The focus was on the impact of alcohol and 118 members attended the programme.</p> <p>A battle-of-the-bands day took place on 26 November 2016. This programme was held at the D'Almeida Sports Grounds. The following bands and brigades participated:</p> <ul style="list-style-type: none"> <li>• All Saints Boys Brigade, Mossel Bay.</li> <li>• Aldachique Music Academy, Mossel Bay.</li> <li>• Boys Brigade, Great Brak Rivier.</li> <li>• Star of Bethlehem, Great Brak Rivier.</li> <li>• VGK Boys Brigade, Mossel Bay.</li> <li>• Simon of Cyrene Brigade, Parkwood.</li> </ul> <p>The bands and brigades consisted of 173 members in total and delivered performances,</p> <p>On 22, 23 and 24 May 2017 awareness programmes took place with the bands and brigades of Great Brak River and Mossel Bay. The focus was on drug and alcohol abuse. A total of 169 people were reached. The following bands and brigades attended:</p> <ul style="list-style-type: none"> <li>• Boys Brigade, Great Brak River.</li> <li>• Star of Bethlehem, Great Brak River.</li> <li>• Friemersheim Brigade, Friemersheim.</li> <li>• VGK Boys Brigade, Great Brak River.</li> <li>• All Saints Brigade, Mossel Bay.</li> <li>• Nativity Band, Mossel Bay.</li> <li>• Advent Band, Mossel Bay.</li> </ul> <p>The membership detail of the bands and brigades are as follows:</p> <ul style="list-style-type: none"> <li>• Royal Sound Band: 12 members.</li> <li>• Guiding Stars Band: 37 members.</li> <li>• All Saints Brigade: 35 members.</li> <li>• Aldachique Music Academy: 90 members.</li> <li>• VGK Mossel Bay Brigade: 30 members.</li> <li>• VGK Great Brak River Brigade: 50 members.</li> <li>• Boys Brigade Great Brak River: 50 members.</li> <li>• Nativity Band: 40 members.</li> <li>• Star of Bethlehem: 42 members.</li> <li>• Advent Band: 37 members.</li> </ul>

COMMUNITY DEVELOPMENT	
Activities	Description
	<ul style="list-style-type: none"> <li>• V GK Friemersheim Brigade: 40 members.</li> </ul> <p>In total the members affiliated with the bands and brigades are 463.</p>
Water Awareness Programme	<p>A water awareness programme took place in September and November 2016 at 14 Early Childhood Development Centres and 547 learners were reached.</p> <p>Water saving tips are displayed through using a mascot, Willie Water Drop to convey the message to the children on a practical level.</p> <p>The following Early Childhood Development Centres were reached:</p> <ul style="list-style-type: none"> <li>• Civic Park ECD, Civic Park.</li> <li>• Cecelia's ECD, Asla Park.</li> <li>• Rotary Baby Care, Asla Park.</li> <li>• Mickey Mouse ECD, Asla Park.</li> <li>• 7de laan ECD, Asla Park.</li> <li>• Imizamo Yethu ECD, Asla Park.</li> <li>• St Johns ECD, Asla Park.</li> <li>• Brightstart ECD, Asla Park.</li> <li>• Little Angels ECD, Asla Park.</li> <li>• Ikwezi Lomso ECD, Asla Park.</li> <li>• Khanyisa ECD, KwaNonqaba.</li> <li>• Siphatisiswe ECD, Elangeni.</li> <li>• Sipucule ECD, Elangeni.</li> <li>• Eluxolweni ECD, Elangeni.</li> </ul>
The Haven Night Shelter	<p>The Municipality assisted The Haven with two assistants through the Expanded Public Works Programme. The monthly meetings of The Haven are also attended and a representative of the Municipality serves on the committee of The Haven Night Shelter.</p>
Sewing Groups	<p>The Municipality supported sewing groups and individuals by availing sewing machines and material to them. The details of the sewing groups are as follow:</p> <ul style="list-style-type: none"> <li>• Brandwag Sewing Group, Brandwag.</li> <li>• Golden Girls Quilters, Benevolent Park.</li> <li>• Herbertsdale Sewing Group, Herbertsdale.</li> <li>• Sally's Needle Work Services, D'Almeida.</li> <li>• Sunshine Quilters, D'Almeida.</li> <li>• Buisplaas Sewing Group, Buisplaas.</li> <li>• Ruitersbos Sewing Group, Ruitersbos.</li> <li>• Friemersheim Women Forum Handwork, Friemersheim.</li> <li>• Sethu Traders, Asla Park.</li> <li>• Piet Julies AIDS Action Group, KwaNonqaba.</li> <li>• Hazel Frans Sewing Group, Extension 13.</li> <li>• T&amp;A Creations, Extension 13.</li> <li>• Jene Samuels, Extension 13.</li> <li>• Ann Sydon, Die Gaatjie.</li> <li>• Association for people with Disabilities, Mossel Bay.</li> <li>• Fikile Hadebe, Joe Slovo.</li> <li>• Friemersheim Sewing Group, Friemersheim.</li> <li>• Toekoms Sewing Group, Toekoms.</li> </ul>

Activities	COMMUNITY DEVELOPMENT Description
	<ul style="list-style-type: none"> <li>• Veronica Swarto, Extension 23.</li> <li>• Lena Gamadala, KwaNonqaba.</li> <li>• Marinda Gxowa, Civic Park.</li> <li>• Outreach Inspiration Sewing Group, Reebok.</li> <li>• Inge April, D'Almeida.</li> </ul> <p>The assistance rendered by the Mossel Bay Municipality enables the sewing groups and individuals to generate income for their households.</p>
Phelophepa Healthcare Train	<p>The Phelophepa Healthcare Train visited Mossel Bay from 22 August 2016 to 26 August 2016.</p> <p>The Phelophepa Healthcare Train rendered various health services and 1 815 people were reached.</p> <p>The Psychology Clinic reached 1 116 people with their outreaches.</p> <p>The Health Clinic reached 2145 learners at the primary schools that were identified.</p> <p>The Health Clinic reached 60 elderly people at Benevolent Park.</p> <p>The Phelophepa Healthcare Train trained 16 people in Basic Counselling and 65 people were employed temporarily.</p> <p>The Phelophepa Train only visits Mossel Bay biennially.</p>
Holiday Programme	<p>The holiday programme took place at the Asla Park Community Hall. This programme took place from 3 to 7 October 2016 and children from the area were occupied with the following activities and information sessions:</p> <ul style="list-style-type: none"> <li>• Arts and Crafts – Colouring in activities with the children.</li> <li>• Fun – Jumping castle was hired and children could jump.</li> <li>• Drug Awareness with SAPS and their Dog Unit.</li> <li>• Fire Safety tips were shared by Fire and Rescue Services.</li> <li>• Hug a fin presented a video about shark awareness.</li> <li>• Danny Cat focusses on Road Safety.</li> <li>• Puppet show to explain that people should not touch your private parts.</li> <li>• Indigenous games were played outside with the children.</li> </ul> <p>This programme was facilitated by various departments and organisations:</p> <ul style="list-style-type: none"> <li>• Department of Social Development.</li> <li>• South African Police Services.</li> <li>• Child Welfare Mossel Bay.</li> <li>• SPCA.</li> </ul>



Activities	COMMUNITY DEVELOPMENT Description
	<ul style="list-style-type: none"> <li>• Fire and Rescue Services.</li> <li>• Hug-a- Fin.</li> <li>• Heart-2-Heart.</li> <li>• ACVV Mossel Bay.</li> </ul> <p>This programme reached 908 beneficiaries.</p>
Safety Programme	<p>The Safety Programme took place in November 2016 and the theme was “Safety is Everyone’s Business”. The programme was aimed at primary school learners of the rural areas and the following schools were reached:</p> <ul style="list-style-type: none"> <li>• Denneprag Primary School.</li> <li>• Ruiterbos Primary School.</li> <li>• Laerskool Vorentoe.</li> <li>• Great Brak River Primary School.</li> <li>• Diepkloof Primary School.</li> <li>• St Luke’s Primary School.</li> <li>• Herbertsdale Primary School.</li> </ul> <p>This programme reached 1154 learners.</p>
Human Rights Day Programme	<p>The following Early Childhood Centres were visited and the rights and responsibilities of children were illustrated by way of a puppet show on 23 March and 19, 20 and 21 April 2017:</p> <ul style="list-style-type: none"> <li>• Tao Tao, Extension 8.</li> <li>• Sunbeam, Extension 8.</li> <li>• St Blaize, Extension 8.</li> <li>• Eluxolweni, KwaNonqaba.</li> <li>• Siphatisiwe, Elangeni.</li> <li>• Sipucule, Elangeni.</li> <li>• Juweeltjie, Extension 23.</li> </ul> <p>The programme reached 558 learners.</p>
High School Programme	<p>The High School Programme took place at the following High Schools on the following dates:</p> <ul style="list-style-type: none"> <li>• Sao Bras Secondary School - 23 January 2017.</li> <li>• Hillcrest Secondary School – 24 January 2017.</li> <li>• Indwe High School – 7 March 2017.</li> </ul> <p>The aim of the programme was to inform Grade 8 learners of the consequences and the statutory implications of teenage pregnancies.</p> <p>The programme was done in collaboration with the following role players and the programme reached 827 learners:</p> <ul style="list-style-type: none"> <li>• Heart-2-Heart.</li> </ul>

COMMUNITY DEVELOPMENT	
Activities	Description
	<ul style="list-style-type: none"> <li>• Department of Social Development.</li> <li>• Department of Education.</li> <li>• Department of Justice.</li> <li>• Community Development Workers.</li> <li>• Mossel Bay Child Welfare.</li> </ul>
Child Protection Programme: 2017	<p>The Child Protection Programme took place from 22 May 2017 till 25 May 2017 in collaboration with the following role-players:</p> <ul style="list-style-type: none"> <li>• Department of Social Development.</li> <li>• Department of Education.</li> <li>• Heart-2 -Heart.</li> <li>• ACVV, Mossel Bay.</li> <li>• South African Police Services.</li> </ul> <p>The aim of the programme was to inform the learners of the consequences of substance abuse and the following schools participated:</p> <ul style="list-style-type: none"> <li>• Siyanithanda Day Care for People with Disabilities.</li> <li>• Imekahya Primary School.</li> <li>• Ridgeview Primary School.</li> <li>• Denneprag Primary School.</li> <li>• Ruiterbos Primary School.</li> <li>• Friemersheim Primary School.</li> </ul> <p>A total of 361 learners were reached with the programme.</p>

### Youth Development

YOUTH DEVELOPMENT	
Activity	Description
<p>"Dress A Matriculant"</p> <p>30 July 2016, 12 August 2016, 14 October 2017, 20 April 2017 &amp; 30 June 2017</p>	<p>The project is aimed at needy matriculants to assist them with dresses, suits and transport to the annual matriculant farewell.</p> <p>Four high schools (Great Brak Rivier, Sao Bras, Indwe and Point High) took part in the project. A total of 17 learners were assisted (ten girls and seven boys).</p>
Junior Town Council Activities	<p><b>Elections</b></p> <p>The JTC elective workshop took place on 27 August 2016 at The Barn (R327) under the watchful eye of the</p>

YOUTH DEVELOPMENT	
Activity	Description
	<p>IEC that was represented by Mr Chris Balie and Ms Pricilla Fillies and Jasmin van Wyk.</p> <p>The Executive of the Junior Town Council for the term 2016/2017 are: Sethu Mangxola (Hillcrest Secondary - Deputy Junior Mayor); Jamie Matthysen (Curro Mossel Bay- Junior Mayor); Brownwynn Sinkfontein (Groot Brak River Secondary - Junior Speaker); Loumari Müller (Point High - Junior Municipal Manager); Megan Robertoon (Curro Mossel Bay - Junior Executive Member for Sport) ; Jacoline Jantjies (Great Brak River Secondary School -Junior Executive Member for Youth Matters) and Anke Badenhorst (Point High - Junior Executive Member for Community Services).</p> <p><b>Monthly meetings</b></p> <p>Monthly Junior Town Council Meetings took place on 19 July 2016, 2 August 2016, 6 September 2016, 18 October 2016, 23 January 2017, 15 February 2017 and 26 April 2017 where the four representatives from each high school met to discuss projects, programmes and current affairs regarding youth development in Mossel Bay.</p> <p>The executive members of the Junior Town Council met on 1 September 2016, 11 October 2016 and 27 October 2016. Discussions were held in preparation of the monthly general meetings and drafting of the agenda.</p> <p><b>Poster Campaign</b></p> <p>The substance abuse poster campaign was launched on 19 July 2016 at the monthly Junior Town Council Meeting. Each high school received substance abuse posters to be put up in every classroom of the schools. The poster contains information on the six deadly drugs, street names, side effects and signs of users of drugs. It is envisioned that every learner would be faced and reminded of the dangers of substance abuse when they enter classrooms on a daily basis.</p> <p><b>Beach Clean-up programme</b></p>

YOUTH DEVELOPMENT	
Activity	Description
	<p>The Junior Town Council in collaboration with the Hillcrest Secondary School Rotary Club members embarked on a beach clean-up campaign on 10 September 2017 as part of the International Coastal Clean-up day of 17 September 2016. Twenty-one members from the Junior Town Council, one parent and six learners from Hillcrest Secondary School and a teacher attended.</p> <p><b>National Heritage Day</b></p> <p>The Junior Town Council participated in the annual Heritage Day Programme that took place on 29 September 2016 at 'Imekhaya Primary School and won the floating trophy for preparing the best "potjiekos".</p> <p><b>Moss March</b></p> <p>As part of the annual Mossel Bay Sports Festival the Mossel Bay Municipality hosted a five-kilometer fun-walk on 1 October 2017. Fifteen Junior Town Council members joined and finished the fun-walk.</p> <p><b>CANSA Relay</b></p> <p>The Mossel Bay CANSA Relay 2016 took place on 5 November 2016 at the Hartenbos Amphitheater. The Junior Town Council registered a team to participate. Thirteen members participated from 12:00 until 00:00. The Junior Town Council also assisted in giving out beads for completion of each round. The CANSA Relay has as its objective raise awareness of cancer and to generate funds for patients' care and research.</p> <p><b>"Keep a Girl-Child in School" Campaign</b></p> <p>The Mossel Bay Municipality Youth Office in collaboration with the Junior Town Council has joined the national outcry to "Keep a Girl-Child in School" campaign. The sanitary towels were collected by the Junior Town Council members at their schools and homes. The sanitary towels drive has already donated sanitary towels to Denneprag Primary, Child Welfare, Sao Bras High, Indwe High and Hillcrest Secondary schools.</p>

YOUTH DEVELOPMENT	
Activity	Description
Information Sessions	<p><b>North West University of Technology</b></p> <p>An information session on application procedures and bursaries took place on 20 July 2016 at the Indoor Sport Centre, Sampson Street in Extension 23. The information session was facilitated by Ms Alida Malan from the North West University in collaboration with the Youth Office. Ms Malan explained the application procedures and alluded to the fact that the National Student Financial Aid Scheme (NSFAS) is currently facilitated by the Government and not the university as was done in the past. Although applications for North West University have closed, Ms Malan proposed to make a concession for extension for applications from Mossel Bay until 27 July 2016. Fifty-nine learners from Indwe Secondary, Point High, Sao Bras Secondary, Hillcrest Secondary, South Cape College and York High School attended the information session with a few parents. Applications were to be distributed to Great Brak River Secondary School on 21 July 2016 as they were unable to attend.</p> <p><b>Nelson Mandela Metropolitan University</b></p> <p>An information session on application procedures was hosted at the Indoor Sport Centre on 2 August 2016 by the Nelson Mandela Metropolitan University. The session was facilitated by Ms M Tohangana from the University in collaboration with the Youth Office. Twenty-two learners from Great Brak River and Sao Bras Secondary Schools attended the session.</p> <p>In 2017 the information session took place on 16 March 2017, and was facilitated by Monica Tohangana. The purpose of the information session was to inform grade 11 and 12 learners about the undergraduate programmes available and how the bursary processes work.</p> <p>On 13 May 2017, the Nelson Mandela Metropolitan University in George (Saasveld) hosted an open day. All 6 high schools were invited by the University. The Mossel Bay Municipality Youth Office coordinated the open day in Mossel Bay and provided a 60-seater bus for learners to attend.</p>

YOUTH DEVELOPMENT	
Activity	Description
	<p><b>University of South Africa (herewith referred to as UNISA)</b></p> <p>The UNISA Roadshow took place on 2 September 2016 at the Indoor Sports Center. The rain almost deterred the roadshow but nineteen people still attended. The roadshow was facilitated by staff of the UNISA Cape Town Office and was opened with a presentation on what UNISA is, their scope of work, fields of studies etc. The attendees were allowed questions and the most common question was whether a UNISA qualification is recognised. The answer to that question was given in that the qualifications of UNISA are recognized internationally. Since the roadshow seven UNISA applications have been done at the Youth Office. Applications for UNISA closes on 21 October 2016.</p>
Youth Empowerment Program	<p><b>Life Skills</b></p> <p>The life skills phase of the youth empowerment program took place on 25 - 29 July 2016 at the Indoor Sport Centre.</p> <p>Ms S Cronje from Department of Labour facilitated the first day on CV writing and interview tips. Mr L Muthandwa from South Cape College facilitated the second day on current South Cape College course and opportunities. Ms Y van Aswegen from Mossel Bay Municipality facilitated the third day on social ills. Participants were divided into workgroups to present creatively the different social ills and how it can be fought. Mr E Hugo of the IEC facilitated the fourth day on the importance of registration and voting and being part of democratic processes in the country Ms N Jika from the Municipality gave an overview on the Thusong Centre services and encouraged the participants to visit the centre. Ms J Kimesh from Cape Access introduced the services of Cape Access and emphasised that the use of computers and internet is free so that young people can work on CV's, search for jobs and do applications.</p> <p><b>Work-Ethics training</b></p> <p>Sulette Cronje from the Department of Labour presented training workshop in work ethics on 7</p>

YOUTH DEVELOPMENT	
Activity	Description
	<p>September 2016 to twenty-five participants of the current youth empowerment programme.</p> <p>The workshop covered issues such as morals, values, appearances, responsibilities, etc. in the workplace. The training envisioned to empower unemployed young people for workplace situation.</p> <p><b>Youth Entrepreneurial Venture</b></p> <p>A presentation on a Youth Entrepreneurial Venture was done by Mr Anthony Du Plessis on 8 September 2016 to twenty-six unemployed young people who are currently part of the youth empowerment program. Mr Du Plessis is the owner of an NPO named AGAPE SERVICES. He was looking for ten to fifteen young people to start a Detergent Production Company. After the presentation fifteen attendees indicated that they were interested. Further engagements with Mr Du Plessis took place on 9 and 16 September 2016 and with the National Youth Development Agency.</p> <p><b>Entrepreneurship Development Training</b></p> <p>As part of the Youth Empowerment Programme a four-day entrepreneurship training course was facilitated by Carlynn Sassman from the National Youth Development Agency. The training took place from 25 - 28 October 2016 daily from 09:00 until 15:00. Approximately 25 young people from Mossel Bay attended the training. The training consisted of product and services of the National Youth Development Agency, business idea formulated into business plans, marketing and basic financial management. Young people with viable business ideas and concepts were invited to apply for grant funding from the National Development Agency.</p> <p><b>Learner's License Training</b></p> <p>Training took place once a week from 9 May 2017 until 31 May 2017. From 1 – 22 June 2017 training took place twice a week and from 23 June 2017 until the learner's license examination training took place on a daily basis. The examination took place on 30 June 2017 and 7 July 2017. Twenty-five young people</p>

YOUTH DEVELOPMENT	
Activity	Description
	were on the program. The purpose of this program is to empower the youth by giving them an opportunity to obtain their learner's license which will encourage them to obtain their driver's license.
Chrysalis Academy	<p>The Chrysalis Academy had their ladies' intake on 10 September 2016 at Centre in Tokai, Cape Town. Four ladies from Mossel Bay was selected for a 3-month training program. The Mossel Bay Municipality provided these ladies with 5 t-shirts each and also transport to the training. On 5 May 2016 the men's intake took place. Four young men from Mossel Bay were selected.</p> <p>The Training program consists of life-skills, skills training and outdoor activities.</p> <p>After the three months training, they will be placed in departments of their choice for six months to gain workplace experience.</p>
Substance Abuse Awareness Program	<p>WDC in collaboration with the Municipal Youth Office facilitated and presented a successful substance awareness programme on 21 September 2016 at the D'Almeida Community Hall.</p> <p>Captain Van Rensburg from the Da Gamaskop SAPS Cluster made a presentation on the different drugs that are currently circulating in Mossel Bay, its effect, dangers and consequences. Mr Werner van Aswegen, chairperson of WDC, gave a personal testimony of his journey to recovery from drug abuse and his vision with the NPO WDC that he started with Ms Zaida Swart. Twenty-six people attended. Some were substance abusers on the road to recovery, parents, community members, church leaders and community leaders.</p>
KwaNonqaba Youth Programme	<p>The KwaNonqaba Youth Programme is an initiative of the group, Black Nation in collaboration with the Youth Office. It took place on 3 December 2016 at the KwaNonqaba Beehives. The purpose of the program was to bring awareness on social ills such as crime, drugs, alcohol abuse, teenage pregnancy and HIV/Aids and to provide an alternative with music. Present were approximately 150 children whose ages ranged from 10 to 32. A safe space was created where kids and young people could express themselves through rapping, singing and dancing. The KwaNonqaba Youth Programme is an initiative of the</p>



YOUTH DEVELOPMENT	
Activity	Description
	<p>group, Black Nation in collaboration with the Youth Office. It took place on 3 December 2016 at the KwaNonqaba Beehives. The purpose of the program was to bring awareness on social ills such as crime, drugs, alcohol abuse, teenage pregnancy and HIV/Aids and provide an alternative with music. Present were approximately 150 children and their ages ranged from 10 to 32. A safe space was created where children and young people could express themselves through rap, sing and dance.</p> <p>On 27 April 2017, the group had a Freedom Day programme where young people were given a platform to voice their views on freedom.</p>
Spring School	<p>The Spring School is an initiative of Mzwendaba Jizani in collaboration with the Youth Office. It took place from 3 – 7 October 2016 at the Indoor Sports Centre in Extension 23.</p> <p>Schools that were invited was Sao Bras, Hillcrest and Indwe. The focus was on Mathematics and Science.</p> <p>Mzwendaba Jizani assisted and tutored Grade 10 and 11 learners from 10:00 - 14:30 daily. The totals varied everyday but on average they were 10 per day. The Youth Office assisted with a venue, the coping of previous examination papers and basic stationery.</p>
Mossel Bay Sports Council Awards	<p>The Mossel Bay Sports Council Awards took place under the auspices of the Municipality on 14 October 2016 at the Garden Court Hotel.</p> <p>The purpose of the event was to honour sportsmen and sportswomen who excelled in their respective sporting codes from 16 October 2015 to 31 August 2016.</p> <p>The Eden Sports Council set the criteria for nominations and at the Mossel Bay Sports Council awards there were nominations in sixteen categories. Athletes were honoured in sporting codes such as athletics, rugby, boxing, sailing, indigenous games, cricket, netball, pentathlon, underwater hockey, dancing, swimming, golf and sports for people with disabilities. Volunteers in sport, lifetime achievers, community builders and those who contributed tremendously to sport, but have passed on, were also honoured.</p> <p>The keynote address was given by Mr Eddie Myners,</p>

YOUTH DEVELOPMENT	
Activity	Description
	<p>current coach of the SWD Rugby Academy. All those nominated received a certificate and the winners in each category received a floating trophy.</p> <p>The Youth office was responsible for organising the venue, catering, sending out of invitations (and ensuring that people attend),the presentation of the night,the decor of the venue, etcetera.</p>
Diversity Management Training Workshop	<p>A training workshop on diversity management was facilitated by Sulette Cronje from the Department of Labour on 13 October 2016 at the Indoor Sports Centre. She focused her training workshop on how different people are in terms of culture, language, sport participation, dreams, religion, role models and superstars. In a diverse world, especially in South Africa, what stood out for the 15-unemployed youths in attendance were that all people are different but in living peacefully everyone must respect each other.</p> <p>This training envisioned to prepare the participants for workplace situations.</p>
Grade 7 Camp	<p>The Grade 7 camp took place from 28 – 30 October 2016 at the Hartenbos River Resort. Eighty-nine Grade 7 learners from nine different primary schools attended the camp and eighteen Junior Town Councilors. The primary schools were Ruiterbos, Friemersheim, Herbertsdale, St Lukes (Brandwag), Erica, St Blaize, Mossel Bay E.K, Ridgeview and TM Ndanda. The camp consisted of mini workshops on substance abuse, HIV/AIDS, teenage pregnancies and career counselling. At the different station the topics were discussed in terms of what it is, the risks, consequences and how it can be overcome.</p>
ABSA READY TO WORK TRAINING	<p>The ABSA ready to work training took place on 28 November 2016 in collaboration with the Youth Offices. It took place from 09:00 – 12:00 (group 1) and 13:00 -16:00 (group 2) at the Indoor Sport Centre. Invitees were from Brandwacht, Buisplaas, Friemersheim, Great Brak River, Herbertsdale, Ruiterbos, Powertown, Sonskynvallei, Toekoms, Jonkersberg and Vleesbaai. The initiative aims to bridge the divide between education and the world of work. seeks to empower young people with the training and skills they need to enhance their employability and entrepreneurial prospects. It provides access to world-class learning content, focused on work, people, money and entrepreneurial skills, through online content, face-to-face training and work exposure. The Youth Office were responsible to provide the venue, send of invites (and</p>

YOUTH DEVELOPMENT	
Activity	Description
	ensuring attendance of young people), and organising transport.
Mossel Bay Municipality Beach Sports Programme	<p>The Mossel Bay Municipality Beach Sports Programme was hosted successfully on Santos Beach in collaboration with different stakeholders. Garden Route Community Casino Trust was the main sponsor with SWD Cricket providing cricket equipment and SWD Rugby providing rugby balls.</p> <p>On 30 November until 2 December 2016 a successful beach cricket tournament was held from 30 November until 2 December 2016 and a total of 28 teams participated. A beach soccer tournament was held from 7 – 9 December 2016. A total of 32 teams participated. A beach rugby / “touchies” tournament took place from 14 December 2016 to 16 December 2016. A total of 22 teams participated.</p>
The Premier Advancement of Youth Programme	<p>The Premier Advancement of Youth Programme is a one-year internship run out of the Office of the Premier of the Western Cape for successful matriculants of 2016. It provided 750 matriculants from the class of 2016 with work and training from 1 April 2017 until 31 March 2018.</p> <p>Applications are done online and applicants needed access to the internet, an e-mail address, a curriculum vitae, matric results and a copy the learner’s identity document.</p> <p>From 6 January 2017 until 18 January 2017 the Youth Office has assisted 31 applicants with online applications. Applications closed on 20 January 2017. Eight young people from Mossel Bay found placement in this programme.</p>
Youth Information Sessions	<p>In collaboration with the Community Development worker of Joe Slovo, information sessions were held on 15 February 2017 at the Joe Slovo Community Hall and on 21 February 2017 at the KwaNonqaba Community Hall. At the Joe Slovo Community Hall there were 28 and at the KwaNonqaba Community Hall there were 124 attendees. The young people were informed on where the local youth office is situated and the services that can be accessed at the office. The attendees were also given an opportunity to ask questions and the question most frequently asked were about job opportunities. Other topics such as entrepreneurship were discussed and were challenged to look within themselves for skills and talent they can use to generate an income for themselves.</p>

YOUTH DEVELOPMENT	
Activity	Description
Army and Navy Applications	<p>A recruitment drive was initiated by the youth office on applications for the 2018 intake of the Army and Navy. Application forms were sourced from the internet, the Rapport and colleagues from other municipalities.</p> <p>Advertisements were placed on the Municipality's Facebook page as well as on notice boards at the local libraries, municipal offices, the Thusong Centre and the Youth Office. Thirty-eight young people visited the Youth Office since 30 January 2017 for application forms that were given to them.</p> <p>On 17 February 2017, we (myself and two Community Development Workers, Boniswa Matohoba and Linda Brown) met Colonel J Prins at the Oudtshoorn Infantry Military School where future endeavors such as information sessions, open days and career exhibitions were discussed.</p>
E-Centre	<p>On 25 November 2016, an E-Centre (Computer Centre) was opened at the Indoor Sport Centre Mossel Bay Municipality. The Cape Access project has more than 36 E-Centre's in the Western Cape from which the one at the Indoor Sports Centre is one of the biggest centers to date.</p> <p>The E-Centre is open to the public and sessions are free of charge for up to 45 minutes per day per person and student (college/university) and entrepreneurs can get up to 2 hours per day per person.</p> <p>The main aim of the E-Centre is to bring access to information and communication technologies (ICT) to especially rural areas. Marketing for the E-Centre took place as follows: Emails were sent to all high schools and primary schools on the services of the E-Centre at the Indoor Sport Centre in February 2017.</p>
Human Rights Day Programme	<p>The Mossel Bay Municipal Youth Office, in collaboration with the Community Development Workers and Child Welfare, held a Human Rights Day programme on 20 March 2017.</p> <p>Boniswa Matohoba did the opening and welcoming, Yolande van Aswegen spoke briefly on the history of Human Rights Day, Berenice van Vught (Child</p>

YOUTH DEVELOPMENT	
Activity	Description
	<p>Welfare) spoke to the parents, young people and children on the rights and responsibilities of children.</p> <p>Parents, young people and children each received a booklet on Constitutional rights and institutions to be approached regarding human rights issues that was provided by Government Communications and Information Systems official in Oudtshoorn, Jethro Grootboom.</p>
Database for Sport Clubs	<p>A database for sports clubs was launched on 28 February 2017 through an advertisement on the Municipality's Facebook page. Mossel Bay Tourism and the local newspapers were consulted for more information. To date twenty sports clubs are registered on the sports club database. The purpose of this database is to inform the Municipality on the total number of sports clubs active in Mossel Bay, needs assessment for budgetary purposes, to inform the Sports Council regarding the clubs and pursue funding possibilities via the Sports Council with the Lotto, Department of Cultural Affairs and Sport and other funders.</p>
Interdenominational Youth Outreach	<p>An interdenominational Youth Outreach took place on 2 April 2017 at the D'Almeida Sports Fields. In Collaboration with the Interdenominational Youth Forum the Youth Office assisted with the logistical arrangements and coordinated the march.</p> <p>Different church youth groups were in attendance and groups from various neighbouring towns supported the event. The purpose of the event was to raise awareness on social ills in the community and to present young people with a better option in life.</p> <p>Young people encouraged each other through dance, drama and song. Approximately ± 200 people attended the event.</p>
Hospitality Learnership	<p>The Hospitality Youth Learnership Programme for the Western Cape is a one-year Learnership that consists of theoretical and practical training. The programme is being offered / presented by Networx (Bongeka Mdala) in partnership with the Department of Tourism.</p> <p>The purpose of the program is to provide theoretical and practical skills in the workplace that would make them more employable. The qualification is also designed to provide not only technical and work-</p>

YOUTH DEVELOPMENT	
Activity	Description
	<p>specific skills, but also life skills such as communication and teamwork.</p> <p>The Youth Office assisted with recruitment, applications and providing a facility to host the training.</p>
Film and Television Development Program	<p>A media development programme was hosted by IKasi Media from 15 - 22 May 2017. The development programme entailed three days of Entrepreneurship Training that was facilitated by the National Youth Development Agency (NYDA). IKasi Media facilitated the following four days of training. This opportunity was send through to the Youth Office by the Eden District Municipal LED office, it was advertised through various platforms. Eight applications were received and six people from Mossel Bay were selected by iKasi Media to attend the training in George. The six participants were awaiting the outcome of their interviews at the end of the training to see who will be eligible to attend the six-week training in Plettenberg Bay and be part of shooting a short film that will be screened on the MNET channel.</p>
Bursary Information Sourced	<p>The Youth Office did research on the availability of bursaries. Five different bursaries were identified and the relevant institutions were contacted for more information. The information was sent to all schools, local libraries, the Thusong Centre, the Youth Café and the Councillor Support Office so that it could be sent to all Councillors as well.</p>
Ruiterbos Life Skills Program	<p>On 18 May 2017 the Youth Coordinator facilitated the first phase of a Life Skills Programme in Ruiterbos with 18 unemployed young people. The topics that were addressed were unemployment, careers, entrepreneurship and opportunities.</p> <p>It was clear that the young people were willing to work but opportunities lack. The Early Childhood Development Centre in Ruiterbos was contacted to start a process of sending information regarding opportunities via them to the young people and Yolandé van Aswegen went to visit them on 24 May 2017 to create CV's for those that does not have.</p>

YOUTH DEVELOPMENT	
Activity	Description
Mayoral Youth Development Program	<p>A decision was made by the Senior Management of the Municipality to create a Mayoral Youth Development Programme.</p> <p>This program will be similar than that of the Premier's Advancement of Youth Programme (herewith referred to as PAY) that is been roll-out annually by the Department of the Premier. The programme is a one year internship for successful matriculants of 2016. It will provide 11 matriculants from the class of 2016 with workplace experience and training from 1 July 2017 until 30 June 2018 at the Mossel Bay Municipality to capacitate and create more marketable candidates for future employment endeavours.</p> <p>On 4 April 2017 at a meeting with the Executive Mayor, the Municipal Manager, Directors of the Municipality, officials of the Municipality and a representative from the Department of the Premier it was decided that the applicants from the PAY that did not find placements will be used for the Mossel Bay Mayoral Youth Development Programme</p> <p>The launch of the programme took place on 14 June 2017 and the students received their contracts and were introduced to their mentors and the media.</p>
Public Speaking Coaching Clinic	<p>On 3 June 2017, a Public Speaking Coaching Clinic took place at the Indoor Sport Centre, Mossel Bay Municipality. The training was presented by Pauline O'Kelly from Global Dynamic Speaking in Cape Town. The Junior Town Council and new Junior Town Council Representatives, Council of Stakeholders and Ward Committee Youth Representatives were invited to attend the Clinic. Seventeen persons attended. The training covered topics such as presentation skills, vocal development, presenting your own person, projecting your voice, getting your point across, emotional intelligence, body language, eye contact, listening skills, impromptu speaking and debate.</p>
Department of Correctional Service Learnership	<p>The Department of Correctional Services Learnership is a one-year learnership with the main purpose to train/empower people from various communities, interested in studying for an appropriate qualification in Correctional Services (NQF Level 4). This is an opportunity to acquire skills, knowledge and workplace experience in the field of Corrections and earn a stipend of <b>R3 500.00</b> for the twelve-month</p>

YOUTH DEVELOPMENT	
Activity	Description
	<p>duration of the Learnership. The learners will be trained in the areas of rehabilitation of offenders through correction and human development in secure, safe and humane detention or under the community-based correctional supervision.</p> <p>The Further Education and Training (FET) Certificate in Correctional Service is outcome-based and is intended to contribute towards addressing the skills shortage in South Africa.</p> <p>The Learnership is based on a legally binding agreement between the employer, learner and service provider. The program will be presented for a period of one year consisting of ± 30% of work, which is theoretical or instructional learning and ± 70% that is workplace learning in nature. This portion of the training also included exposure to the correctional centers.</p> <p>Advertisement were placed on the Municipality's Facebook page and notice boards for recruitment purposes. From 26 May 2017 – 01 June 2017 the Youth Office have assisted with eighteen applications. Applications closed on 2 June 2017.</p>
Mossel Bay's Got Talent Showcase	<p>The Mossel Bay's Got Talent Show case competition was presented for the seventh time in 2017. The purpose of this competition is twofold namely to create a platform where young people display their talent, and secondly, to create an alternative to alcohol abuse, drug abuse, teenage pregnancies, crime, gangsters and unhealthy life styles.</p> <p>The competition was advertised through radio talks, newspapers, social media and notices at all municipal buildings, libraries and the Thusong Centre. Auditions were held from 17 March 2017 – 19 May 2017.</p> <p><b>Semi-Finals</b></p> <p>The semi-finals of the Mossel Bay's Got Talent Showcase took place on 3 June 2017 at the Bravo Lounge.</p>



YOUTH DEVELOPMENT	
Activity	Description
	<p>The stage was set very professionally with director Edward Jantjies doing the opening and welcoming and Ms H Claassen the vote of thanks.</p> <p>The support from the families and the public was evident as the Bravo Lounge was packed to capacity. This gave some of the semi-finalists confidence and for some it aggravated the nerves. All the acts were very good and well-rehearsed. Thirty-eight performances were judged by the four judges from fifty-three semi-finalists. The judges had a huge task on their shoulders to choose the top five acts from each of the three categories.</p> <p>At the end of the evening the top five performances in each of the three categories were chosen to compete in the grand finale that were to take place on 16 June 2017.</p> <p><b>Rehearsals</b></p> <p>Rehearsals took place on 14 and 15 June 2017 at the Mossel Bay Town Hall. Singers, dancers and rappers with judges practiced for hours on their items to ensure that the final product is of good quality. Finalists came together and choreographed an opening act as part of the June 16<sup>th</sup> celebrations.</p> <p><b>Grand Finale</b></p> <p>The Grand Finale took place on 16 June 2017 at the Mossel Bay Town Hall.</p> <p>The finalists treated the fully packed audience with an opening act choreographed by themselves as an appetizer for the performances to come.</p> <p>The event was opened by the Executive Deputy Mayor, with the Junior Mayor and Junior Deputy mayor also participating. They also focused on what happened 16 June 1976 and what it means for young people in the year 2017.</p> <p>The finalists of the Mossel Bay's Got Talent Showcase had an opportunity to perform once in front of the judges and whereas the judges commented on the performances. After all the finalists performed the</p>

YOUTH DEVELOPMENT	
Activity	Description
	<p>judges chose the top nine performances. While the top nine performances were chosen Swiss Sessions, a local group, entertained the crowd with songs and rap.</p> <p>Afterwards the top nine performed without the judges commenting and they brought their A-game during this round because they knew that the winners will be selected. The judges had a difficult and huge task on their shoulders. In the end, Beat Kings were the winners in the open Category. Lil Saints won the dance category and Davene Anderson the won the singing category.</p> <p>The external sponsors of the day were Garden Route Casino Community Trust, Bravo Lounge and Dynamic Castings.</p>

### **HIV/AIDS**

The Municipality, together with other stakeholders from the Mossel Bay Local AIDS Forum realised a more open but holistic approach towards HIV/AIDS and TB, is needed. As part of the Sustainable Development Goals, there is renewed focus on commitment to end the Aids epidemic. The effective use of resources requires focussing on high risk populations which have the highest level of HIV infections. This means using data from the community level, and disaggregated by age and sex, to make more informed decisions.

As 2015/2016 was the benchmark for the work done in the field of HIV/AIDS and TB, the focus in 2016/2017 was on social cohesion that resulted in developmental local government. Not only did the Mossel Bay Municipality embark on a holistic approach towards this social problem, but started an interactive approach between faith-based organisations, Government Departments and NPO's to work holistically together in the field to not only address HIV/Aids and TB, but also the practice of safe sex, relationships and basic ethical behaviour.

We cannot prevent any community member to be affected with HIV/AIDS or TB, but we have the power to raise awareness and educate them to make an informed decision. Focussing for impact with an optimised response through a targeted and prioritised approach as reflected in the NSP 2017-2022.

HIV/AIDS	
Activity	Description
Peer Education	<p>The aim was to identify and develop trial participants as peer educators and empower them with the necessary skills required to significantly contribute towards community education, HIV/STI awareness, and trial participants recruitment and retention.</p> <p>It took place on the following dates:</p> <p>2 - 3 February 2017 28 - 29 March 2017 20 - 21 April 2017 18, 25 April, 2, 9 May 2017 8 - 9 May 2017 10 - 11 May 2017</p> <p>The following beneficiaries in the following areas were reached with the programme:</p> <p>15 Joe Slovo, D'Almeida, Ext 13 24 Asla Park, KwaNonqaba 11 Youth Café, Great Brak River 13 Toekoms 21 Mossel Bay Municipality staff members</p>
ABCD Programme	<p>Awareness programme in the urban Mall areas that focus on Abstain, be faithful, Condomise and Disease Control took place on 13 and 16 August 2016 and the following outcomes were reached:</p> <ul style="list-style-type: none"> <li>• 29 HIV tests</li> <li>• 330 Male Condoms</li> <li>• 99 Female Condoms</li> </ul>
Disease Management	<p>An awareness programme that focusses on disease control at the following venues took place on the following dates:</p> <ul style="list-style-type: none"> <li>• 28 February 2017</li> <li>• 23 February 2017</li> <li>• 14 March 2017</li> <li>• 4 May 2017</li> <li>• 12 May 2017</li> </ul> <p>The following outcomes were reached:</p> <p><b>HARTENBOS CLINIC</b> 50 Participants 50 Hand gloves distributed</p>

HIV/AIDS	
Activity	Description
	<ul style="list-style-type: none"> <li>• Treatment of open wounds to prevent HIV infection through blood.</li> <li>• Gloves</li> </ul> <p><b>DIAS PRIMARY</b></p> <p>Grade 4 - 7 girls (249 participants)</p> <ul style="list-style-type: none"> <li>• Menstruation Cycle</li> <li>• Use of feminine hygiene products</li> </ul> <p><b>WELLNESS &amp; MMC</b>            37 Autism Survey            49 Sexual Reproductive Health            1600 Male Condoms            200 Female Condoms            8 Male Circumcisions</p>
Change The World But Start With Me – STI Interventions – Peer Educators	<p>The programme focusses on the ABCD principle with special focus on the perception of the young adults towards modern relationships, sexuality, exploitation and biblical principles versus HIV/Aids, TB and STI's. Symptoms, prevention and treatment of STI's were presented by Peer Educators.</p> <p>The programme took place on 11, 13, 14, 15 and 17 February at the following venues:</p> <ul style="list-style-type: none"> <li>• Joe Slovo Village</li> <li>• D'Almeida Clinic</li> <li>• SAO Bras High School</li> <li>• Erika Primary School</li> <li>• Light House Assembly</li> <li>• Hartenbos Municipal Office</li> <li>• Indwe Primary</li> </ul> <p>386 participants were reached and 790 condoms and 115 pamphlets were distributed.</p>

HIV/AIDS	
Activity	Description
Recycle Swop Shop	<p>The recycle Swop Shop is an empowerment initiative for disadvantaged children and/or communities. This project gives the community of KwaNonqaba and Greenhaven the opportunity to help themselves by collecting recyclable items; such as tins, glass, and paper. These bags of recyclable items can be exchanged at the Swop Shop for essential personal and household items, as well as school supplies.</p> <p>R20 000 from the Greenest Municipality Awards was used to buy stock for the recycle swop shops and 2394,50 kg recyclable waste was collected.</p>
Nutritional Support	Ninety-three Orphans and vulnerable children infected or affected with HIV/Aids between the ages of 3 - 19 years receive twice a week. Altogether 3306 cups of soup and bread are distributed to vulnerable children in need of nutritional support.

## **GENDER**

The Municipality realises that we should balance the scale for gender issues and therefore not only National Woman's Day, but also International Men's Day were celebrated with the objective of focussing on father-and-son relationships to bring value systems back in our households.

The integration between different Department responsible for gender issues is well established by means of the WPP Forum. Having all women with influence around a table, ensures the reduction of red tape issues that resulted in a hands-on approach in the gender mainstreaming project.

Although the internal mainstreaming of the role of males in the household and workplace was emphasised through the International Men's Day programme. It was realised that it is time to focus on the establishment of external awareness drives that focus on putting the role of the father, the grandfather, the adult man, in perspective. Education without transformation has no purpose. With the education and tools set available to change the mind-set, its needs to be focussed on the establishment of a platform to recapture and build on the foundation laid.

Social Development Goal 5 speak to the creation of a more equitable society where girls and young women have access to health, education and economic opportunity.

GENDER	
Activity	Description
Women's Month Awareness	<p>Empowerment of women groups on the unique role of a women in the modern community took place on the following dates:</p> <ul style="list-style-type: none"> <li>• 23, 26 August 2016</li> <li>• 14 September 2016</li> </ul> <p>140 participants took part in theses awareness programmes</p>
Support Program: Accessibility Roadblock	<p>The programme focused on support for single parents and took place on the 30 of July 2016 with 30 participants.</p>
<b>Key Holders</b> 16 Days of Activism	<p>The programme was a celebration of all the stakeholders working together in the field to raise awareness on Gender-Based Violence, HIV/Aids and TB.</p> <ul style="list-style-type: none"> <li>• Wellness Programme focussed on the wellbeing of the community and Department of Health Staff</li> </ul> <p>Door-2-Door outreach programme focussing on: DOH mobile: Immunisation / Pap Smears / family planning HTA Mobile: HIV testing, Hypertension and diabetic screening, family planning, health education, mobilisation and marketing for World Aids Day event. MMC Mobilisers: Male medical circumcision education and motivation for procedure street outreach: Door-to-door teams: Completion of questionnaire on social / physical / general knowledge, marketing for world aids day event, health and general education. The programme took place on the following days:</p> <ul style="list-style-type: none"> <li>• 22-23 November 2016: Wellness Day Programmes</li> <li>• 23 November 2016: Take back the night – Sonskynvallei</li> <li>• 24 November 2016: Mens Day – Thusong</li> <li>• 1 December 2016: Training for World Aids Day</li> <li>• 5 - 8 December 2016: Door-2-Door</li> <li>• 9 December 2016: Roadblock</li> <li>• 13 December 2016: World Aids Day Celebration</li> </ul> <p>787 participants took part in the event as listed above. 74 Ward committee members participated in the Ward Committee Interactive Session.</p> <p><b>Door-2-Door programme</b> conducted in Tarka, Joe Slovo, Extention 13 and D'Almeida resulted in: 352 participants 306 households 73 HIV/Aids tests 109 Blood sugar tests</p>

GENDER	
Activity	Description
	<p>109 Blood pressure tests 3520 male condoms and 61 FAS Awareness Pamphlets were distributed.</p> <p><b>Roadblock</b> 102 Vehicles 102 Gender numbers magnets 20 Fire and rescue buttons 160 Key Holders 150 Pencils 150 Sweetie packets.</p> <p><b>Take back the night March</b> 150 participants 26 Research surveys 150 Gender Numbers Magnets 9 Blood pressure tests 3 Blood sugar tests 3 HIV/Aids Tests</p> <p><b>International Men's Day</b> 25 Pledge 300 Male condoms 35 Key holders 35 Gender numbers magnets</p> <p><b>Wellness Day Programme</b> 277 Participants 2770 Male Condoms 831 Female Condoms 277 Gender Numbers Magnates 277 Tourism Information Pamphlets 277 SPCA Information 113 Blood sugar tests 113 Blood pressure tests 113 Cholesterol Tests 113 TB Screening 92 HIV/Aids Tests</p> <p><b>World Aids Day</b> 26 Blood pressure Tests 24 Blood Sugar Tests 9 HIV/Aids Tests 19 MMC</p>

## **DISABILITY**

The focus the past year was to take the “dis” out of disability and to focus on the ability to take care of them through economic development, mentorship programmes and the creation of

opportunities to grow economically. By tailoring packages for key populations, it is ensured that nobody is left behind.

The Municipality embarked on sport and recreational activities to ensure that persons with a disability will have reasonable access to facilities for sport development, to ensure early detection of functional limitations and referral to care, to prioritise actions for differentiated care and to focus on peer education with a buddy system for all persons.

DISABILITY	
Activity	Description
Bread Tag Project	The project aims to collect bread tags to qualify for a wheel chair worth R1 485. The target has been increased to 50 kg to obtain one wheelchair via Interwaste. The public donates bread tags on a regular basis. A total of 322 kg was collected and this ensured 6 wheelchairs through Interwaste.
Foetal Alcohol Syndrome Awareness	Awareness in partnership with APD was done in Brandwag. The focus was on Foetal Alcohol Syndrome. The campaigns took place on the following dates: <ul style="list-style-type: none"> <li>• 27 September 2016.</li> <li>• 7 December 2016.</li> </ul> 95 participants were reached.
Sport and Recreation Festival	Logistical support was provided on the following dates during the Sports Festival: <ul style="list-style-type: none"> <li>• 28 September 2016.</li> <li>• 3 October 2016.</li> </ul> 110 participants of the following organisations participated in the programme: <ul style="list-style-type: none"> <li>• DPSA.</li> <li>• Daisies.</li> <li>• APD.</li> <li>• Protective Workshop.</li> <li>• Curare.</li> <li>• Siyanitanda.</li> <li>• Aloe.</li> <li>• Challengers.</li> <li>• ZJ Hulpentrum.</li> <li>• Leolan Academy.</li> </ul>
Audit of Parking Areas: Media Awareness	Social cohesion is a very important strategy in being the voice of the disabled community. Feedback by the community with regard to challenges with parking, parking areas and accessibility for persons with a disability and media awareness was requested



DISABILITY	
Activity	Description
	through the following media on 2 and 7 February 2017: <ul style="list-style-type: none"> <li>• Home Ads News.</li> <li>• Mossel Bay Advertiser.</li> <li>• SFM.</li> <li>• Eden FM.</li> </ul>
Nutritional Support	<b>ACVV KENANI PROTECTIVE WORKSHOP SOUP KITCHEN</b> Soup and bread were provided to persons with disabilities attending the Protective Workshop for 4 days a week. A total of 6 467 cups of soup and bread are distributed to persons with a disability in need of nutritional support per month.
Capacity Building: Siyanitanda Care Centre	Capacity building that focusses on the Child Protection Act, the code of conduct, peer education and administration processes took place on the following dates: <ul style="list-style-type: none"> <li>• 13 May 2017.</li> <li>• 2 June 2017.</li> </ul>

### **ELDERLY**

When working with the elderly in Mossel Bay, it is best to work together as a collective which focus on the core needs of the elderly in conjunction with the Forum for the Elderly. The Forum is affiliated to the Western Cape Older Persons Forum.

The challenge currently in Mossel Bay is that no day care facility is open for older persons and the space available at clubs and centres is scarce.

ELDERLY	
Activity	Description
Sport and Recreation	Logistical support was provided during the Sports Festival and for the Golden Games on the following dates with 249 participants: <ul style="list-style-type: none"> <li>• 4 October 2016.</li> <li>• 30 September 2016.</li> <li>• 24 May 2017.</li> </ul>
Elderly Abuse Awareness	Awareness was raised through the signing of a pledge for abuse against older persons. Capacitating the community on the types of abuse, preventative measures and support available took place on 13 and 16 July 2016 with 75 participants.
Local Economic Development	Opportunities were created for the off-set of vulnerable groups at the Langeberg Mall from 6-9

ELDERLY	
Activity	Description
	August 2016. Beneficiaries generated an income of R12 048,32.

### **COMMEMORATIVE DAYS**

All spheres indicated above have special commemorative days. These days received special attention by the Municipality as it presented opportunities to celebrate progress in the different fields.

The Municipality moved away from only one-day awareness events and embarked on outcome-driven programmes to ensure that the focus group is outcome-driven.

Although several days were commemorated this year, some of the most important days will be celebrated in future programmes.

International Men's Day, World AIDS Day and STI-Condom Month form part of the evidence-based programmes and interventions.

COMMEMORATIVE DAYS	
Activity	Description
National Women's Day	<b>WOMEN MAKING HISTORY: 9 AUGUST 2016</b>  The focus was on the drivers for change in the community and the impact they have on other women in the community. Forty women participated. The purpose was to get influential women together to use the power within them for a bigger purpose.
Casual Day	<b>SUPPORTING CASUAL DAY: 2 SEPTEMBER 2016</b>  Internal awareness was promoted on Casual Day. Eight-eight people participated,.
International Men's Day	<b>19 November 2017</b> 25 males pledged to be mentors for the youth. 300 male condoms, 35 key holders and 35 flyers with emergency numbers were distributed.
STI and Condom Week	<b>STI WEEK</b> This event was celebrated on the following dates:  <ul style="list-style-type: none"> <li>• 11 February 2017.</li> <li>• 13 February 2017.</li> <li>• 14 February 2017.</li> <li>• 15 February 2017.</li> <li>• 17 February 2017.</li> </ul>

COMMEMORATIVE DAYS	
Activity	Description
	<p>Peer educators were used to spread the message in the following areas:</p> <p>Joe Slovo – 32 participants, 32 pamphlets, 320 condoms.  D’Almeida Clinic – 66 participants, pamphlets, 300 condoms.  Sao Bras – 136 learners,  D’Almeida Clinic - 17 participants, 170 condoms.  Erika Primary School - 72 participants.  Light House Assembly – 16 participants.  Hartenbos Municipal Depot – 15 persons, 600 condoms.</p>
Ethan Autism Awareness	<p><b>APRIL 2017</b></p> <p>The focus was on autism awareness in Mossel Bay in partnership with civil society, NGO’s and Government Departments.  The following activities took place:</p> <ul style="list-style-type: none"> <li>• Light it up blue – Municipal Flags in De Bakke, Hartenbos and Dana Bay.</li> <li>• Light it up blue – Caves.</li> <li>• Awareness on social media, electronic board.</li> <li>• Fundraising R2816,20.</li> </ul>
TB and General Health in the Workplace	<p><b>TB MONTH</b>  6 - 10 March 2017</p> <p>Visits to all Municipal Depot’s to address HIV/AIDS, STI and TB in the workplace in collaboration with the EAP office with the focus on the education of peer educators with:</p> <ul style="list-style-type: none"> <li>• 219 participants.</li> <li>• 212 research surveys conducted.</li> <li>• 200 female condoms.</li> <li>• 12 000 male condoms.</li> </ul>

## **COMPONENT E: ENVIRONMENTAL PROTECTION**

### **3.15 AIR QUALITY CONTROL**

According to the National Environmental Air Quality Act, No. 39 of 2004 (NEM: AQA), air quality monitoring is a local municipality function and the Eden District Municipality manages the licensing of facilities in terms of the listed activities promulgated in the regulations.

In terms of the Mossel Bay Municipality Air Quality Control By-laws promulgated in 2013, all fuel burning appliances below 10mw must be registered and authorisation obtained from the Air Quality Officer of the Municipality.

The Mossel Bay Air Quality Management Plan (AQMP) has been developed and approved by Council. The plan has also been aligned with the Municipality's Integrated Development Plans as a sectoral plan. Fines have been determined by the public prosecutor for infringement of the Air Quality Management By-law, which is enforced by the Municipality when necessary.

There is no air quality budget currently. However, four (4) awareness campaigns were conducted for the 2016/2017 financial year as well as four (4) vehicle emission testing sessions. During one of the vehicle emission testing session, only refuse removal compactors were tested in order to ensure their compliance to clean air standards. The emission inventory was updated with the assistance of the Eden District Municipality in collaboration with Tedcor.

Monitoring of ambient air quality is done by the Western Cape Department of Environmental Affairs and Planning (DEAP) through continuous air quality monitoring. Hydrogen Chloride (HCL, Hydrogen Sulphide (H<sub>2</sub>S) and Volatile Organic Compounds (VOC's) are monitored. The testing station is housed at the offices of the Eden District Municipality in Sampson Street, Extension 23.

Quarterly meetings are held with the Eden District Municipality Air Quality Officer's Forum as well as the Western Cape DEAP Air Quality Offices Forum.

#### **COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:**

The lack of sufficient funding for the implementation of the air quality management plan as well as a lack of capacity in terms of human resources remain a challenge.

Diesel vehicle emission testing was also done on the main roads of Mossel Bay and information pamphlets were distributed. The emissions inventory is updated as per the Municipality's AQMP objectives. Two open days were also held at the Mikeva shopping centre as well as the Langeberg Mall. During these sessions pamphlets, brochures and booklets were distributed to the public. The events were supported by the District Municipality, Tedcor, BGCMA and DEAP.

Compliance inspections are done and notices are issued to industry to adhere and comply with the Air Quality Management By-law and the National Environmental Management: Air Quality Act. Regular compliance and enforcement “blitz” operations were conducted at licensed facilities and other industries with officials from various organs of state such as the Environmental Management Inspectors (EMI’s).

The Department of Environmental Affairs and Development Planning’s (DEADP) continuous monitoring station is situated in Sampson Street and measures Volatile Organic Compounds (VOC’s), carbon dioxide (CO<sub>2</sub>) and hydrogen sulphide (H<sub>2</sub>S). PetroSA does passive sampling at the Gas-to-Liquids refinery and in Voorbaai measures NO<sub>2</sub>, SO<sub>2</sub> and benzene. The results are provided to the Municipality and are discussed at the PetroSA quarterly meetings. The Municipality supports the Eden District Municipality passive sampling programme at the Woodline creosote plant in Great Brak River, Reebok and Mossdustria. There were no exceedances during the 2016/2017 year. The National Ambient air quality standards have thus been met.

### **3.16 BIO-DIVERSITY AND LANDSCAPE**

#### **Biodiversity and Coastal Management**

The Mossel Bay Municipality continues to ensure that developments within coastal areas are authorised and comply with relevant environmental legislation. Alien clearing, the planting of indigenous trees and the maintenance of open spaces occurred at various locations throughout the year. An alien invasive plant species control plan was compiled and submitted to the relevant environmental authorities.

#### **Estuary Management**

All three major rivers in Mossel Bay now have Management Plans. Estuary Management forums have been established for the Great Brak, Little Brak and the Hartenbos Rivers. The Estuary Management Plans of the Little Brak, Hartenbos and Great Brak Rivers are currently being reviewed and updated by the relevant environmental authorities.

#### **Blue Flag and Environmental Education**

The Municipality successfully ran four Blue Flag beaches during the December 2016/January 2017 Blue Flag season. Environmental education programmes were conducted on these beaches by local conservation organisations with the focus being on water safety, water quality and marine life.

## **COMPONENT F: HEALTH**

Local municipalities no longer provide health services such as clinics and ambulance services, health inspection services and abattoirs.

## COMPONENT G: SECURITY AND SAFETY

### 3.17 COMMUNITY SAFETY

#### INTRODUCTION TO COMMUNITY SAFETY

The primary function of the Division Community Safety Department is to ensure a safer environment for all the citizens of Mossel Bay and its visitors where respect for law and order is maintained. In addition, the Department is responsible for issuing of learner's and driver's licenses and for the registration and licensing of vehicles.

Law Enforcement, instituted by traffic and by-law officials, together with the active involvement of the South African Police, Provincial Traffic and neighbourhood watches, concentrate on the enforcement of traffic laws, municipal by-laws and crime prevention interventions.

The aim of the Traffic Section is to educate and create a culture of voluntary compliance with road traffic rules and regulations and to enhance courteous and tolerant road user behaviour within the legal mandate of the National Road Traffic Act, No 93 of 1996 and the National Land Transportation Act, No 5 of 2009.

The operational activities include roadblocks at strategic places, high visibility in hotspot areas, random vehicle check points and enforcement of traffic laws.

The aim of the By-law Enforcement Section is to create an environment that will further the social and economic development of the community. Their core function is the enforcement of Council by-laws in respect of public nuisance, dangers posed by stray animals, the keeping of animals, police informal traders for compliance and the monitoring and demolishing of illegal structures on public property.

The Driver's License Section and Registration and Licensing Section are striving to achieve and maintain a better image by delivering outstanding quality of service to the public by well-trained and motivated staff who serve efficiently, courteously and with integrity, complying with various legislative requirements, included but not limited to the National Road Traffic Act, No. 93 of 1996.

DETAILS		2016 Actual No.	Estimate No.	2017 Actual No.
<b>1</b>	Number of road traffic accidents during the year	310	-	255
<b>2</b>	Number of vehicles stopped for Driver and Vehicle Fitness testing	30508	27000	27592

DETAILS		2016 Actual No.	Estimate No.	2017 Actual No.
<b>3</b>	Number of Warrants of arrest served	1454	1350	2005
<b>4</b>	Number of drunken driver arrests	62	60	74
<b>5</b>	Number of Summons (56) issued	6967	-	7785
<b>6</b>	Number of Notices (341) issued (speed cams)	61347	-	76960
<b>7</b>	Number of complaints attended	6207	-	3798
<b>8</b>	Number of Vehicles impounded	22	-	25
<b>9</b>	Number of Special functions	382	-	345
<b>10</b>	Number of integrated Law enforcement actions	148	120	186
<b>11</b>	Number of Road Safety education actions	92	60	73
<b>12</b>	Number of police officers in the field on an average day	9	10	8
<b>13</b>	Number of police officers on duty on an average day	9	10	9

DETAILS		2016 Actual No.	Estimate No.	2017 Actual No.
<b>1</b>	Number of LE Officers in the field on an average day	9	10	9
<b>2</b>	Number of LE Officers on duty on an average day	9	10	9
<b>3</b>	Shack control patrol hours	5311	-	3756
<b>4</b>	Number of Illegal Structures demolished	110	-	95
<b>5</b>	Number of section 341 & Written warnings issued (parking violations & by-laws)	5273	-	1458
<b>6</b>	Visibility policing hours foot beat	2534	-	2254

EMPLOYEES: TRAFFIC OFFICERS					
Job Level	2016 Employees	Posts	Employees	2017 Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Chief Traffic Officer &amp; Deputies</b>	6	6	6	0	0
<b>Other Traffic Officers</b>	17	30	17	13	43
<b>0 - 3</b>	0	0	0	0	0
<b>4 - 6</b>	0	0	0	0	0
<b>7 - 9</b>	17	30	17	13	43
<b>10 - 12</b>	5	5	5	0	0
<b>13 - 15</b>	1	1	1	0	0
<b>Total</b>	<b>2</b>	<b>36</b>	<b>23</b>	<b>13</b>	<b>36</b>



EMPLOYEES: BY-LAW ENFORCEMENT OFFICERS					
Job Level	2016 Employees	Posts	Employees	2017 Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Supervisor</b>	0	0	0	0	0
<b>Other By-Law officers</b>	14	25	14	11	44
<b>0 - 3</b>	0	0	0	0	0
<b>4 - 6</b>	0	0	0	0	0
<b>7 - 9</b>	14	25	14	11	44
<b>10 - 12</b>	0	0	0	0	0
<b>Total</b>	<b>14</b>	<b>25</b>	<b>14</b>	<b>11</b>	<b>44</b>

EMPLOYEES: DRIVERS LICENCE TESTING CENTRE (DLTC)					
Job Level	2016 Employees	Posts	Employees	2017 Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Superintendent</b>	1	1	1	0	0
<b>Other DLTC Personnel</b>	8	9	8	1	11
<b>0 - 3</b>	0	0	0	0	0
<b>4 - 6</b>	3	3	3	0	0
<b>7 - 9</b>	5	6	5	1	17
<b>10 - 12</b>	1	1	1	0	0
<b>Total</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>1</b>	<b>10</b>

EMPLOYEES: MOTOR VEHICLE REGISTRATION					
Job Level	2016 Employees	Posts	Employees	2017 Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<b>Supervisor</b>	1	1	1	0	0
<b>Personnel</b>	6	6	6	0	0
<b>0 - 3</b>	0	0	0	0	0
<b>4 - 6</b>	5	5	5	0	0
<b>7 - 9</b>	2	2	2	0	0
<b>10 - 12</b>	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>0</b>

EMPLOYEES: ADMINISTRATION					
Job Level	2016	Posts	Employees	2017	Vacancies (as a % of total posts)
	Employees			Vacancies (fulltime equivalent)	
	No.	No.	No.	No.	%
<b>Assistant Chief: Administration</b>	1	1	1	0	0
<b>Other Admin personnel</b>	6	9	6	2	66
<b>0 - 3</b>	2	2	2	0	0
<b>4 - 6</b>	5	6	5	1	0
<b>7 - 9</b>	0	1	0	1	100
<b>10 - 12</b>	1	1	1	0	0
<b>Total</b>	<b>8</b>	<b>10</b>	<b>8</b>	<b>2</b>	<b>20</b>

INCOME FROM DIVERS LICENCE TESTING CENTRE			
Details		2016 (R)	2017 (R)
		Actual No.	Actual No.
<b>1</b>	Motor cycles	20 655	19 305
<b>2</b>	Light motor vehicles	103 950	107 460
<b>3</b>	Heavy motor vehicles	264 600	215 400
<b>4</b>	Card applications	977 200	1 156 260
<b>5</b>	Temporary drivers licences	108 360	125 280
<b>6</b>	PrDP	94 720	104 880
<b>7</b>	Learner licences applications	223 312	224 128
<b>8</b>	Learner licences issued	58 773	53 691
<b>9</b>	Duplicate learner licences	4 158	3 861
<b>Total</b>		<b>1 855 728</b>	<b>2 010 265</b>

INCOME FROM MOTOR VEHICLE REGISTRATION			
Details		2016 (R)	2017 (R)
		Actual No.	Actual No.
<b>1</b>	Registrations	1 723 812	1 792 924
<b>2</b>	Temporary Permits	47 850	55 308
<b>3</b>	Special Permits	10 608	11 520
<b>4</b>	Duplicates	195 096	207 372
<b>5</b>	12% Agency Fee	2 715 505	3 291 265
<b>6</b>	Registration Numbers	27 350	23 450
<b>Total</b>		<b>4 719 721</b>	<b>5 381 839</b>

FINANCIAL PERFORMANCE 2017: POLICE					
Details	2016 Actual	Original Budget	2017		R'000 Variance to Budget
			Adjustment Budget	Actual	
Total Operational Revenue	32 881	34 153	41 408	32 746	-4%
<b>Expenditure:</b>					
<b>Police Officers</b>					
Other employees	16 861	18 946	18 764	18 515	-2%
Repairs and Maintenance	301	603	465	266	-127%
Other	21 996	27 476	33 305	19 914	-38%
Total Operational Expenditure	39 158	47 025	52 534	38 695	-22%
Net Operational Expenditure	6 277	12 872	11 126	5 948	-116%

CAPITAL EXPENDITURE 2017: POLICE					
Capital Project	Budget	Adjustment Budget	2017		R' 000 Total Project Value
			Actual Expenditure	Variance from original budget	
<b>Total All</b>	225	250	245	8%	
<b>Furniture &amp; Office Equipment</b>	9	17	16	45%	
<b>Computer Equipment</b>	6	18	17	64%	
<b>Safety and Security Service Stun Guns</b>	160	140	140	-14%	
<b>Speed Humps: John Brown, Extension 13</b>	–	25	22	100%	
<b>Furniture &amp; Office Equipment (Law Enforcement-New)</b>	9	13	13	29%	
<b>Furniture &amp; Office Equipment (Law Enforcement)</b>	6	6	6	2%	
<b>Two-Way Portable Radio's</b>	35	31	31	-14%	

### 3.18 FIRE

#### INTRODUCTION TO FIRE SERVICES

The legislative mandate of the Fire Service as governed by the Fire Brigade Services Act, No. 99 of 1987, compels the Fire Service to perform the following functions for its jurisdictional area:

- Prevention, mitigation, preparedness, response, recovery and rehabilitation of emergency incidents;

- Extinguishing of structural, veld and bush fires and any other fire;
- Rescue and humanitarian services;
- Fire safety prevention (the application of the National Building Regulations, Fire codes and municipal by-laws regarding fire safety);
- Fire pre-planning and preparing related preparedness plans;
- Testing and basic maintenance work on emergency vehicles and equipment; and
- Training of staff members.

In addition to the functions above, the Fire Service provides:

- Communications facilities for the municipal service; and
- Support services to municipal and other instances.

The top service delivery priorities of the Fire Service are:

- Rendering of an effective and efficient Fire and Rescue Service  
During the year the Fire Service conformed to the standards as set out in SANS: 10090 by responding to emergency incidents within the stipulated timeframe for the classification of the municipal service. Mossel Bay Fire Service assisted Eden District Fire Service at various veld fire incidents by performing the initial response when Eden District Fire Service could not attend to these incidents.
- Providing an efficient and effective Fire Safety/Prevention service  
A dedicated Fire Safety/Prevention division was established in the financial year with its core focus on legislative compliance and public education.
- Training of staff members. Staff members received a high level of technical and administrative training in conjunction with the Provincial Fire Brigade Services to enhance their knowledge, skill and experience which will be beneficial for the community at large.
- The Fire Service embarked on a community educational drive within the informal settlement areas within the boundaries of the Mossel Bay Municipality to educate residents on the dangers associated with fires as well as preventative measures that could be used to prevent the outbreak of fires. The educational drive was later done after normal working hours at shebeens with the intent of reaching the adult population. This was welcomed by the communities.
- The Fire Service in conjunction with the South African Red Cross Society provided humanitarian relief to community members who were affected by loss of property and possessions due to fire incidents.

The maintenance, growth, extension and delivery of fire services rely heavily on capital funding. The funding received in this reporting year is not even a percentage of what is required; but nevertheless, was utilised to acquire much needed specialist equipment required to sustain the current level of service. Against this background and amidst staffing

challenges the department continues to perform admirably in terms of ensuring that emergency services delivery is maintained.

DETAILS	2014/2015 Actual No.	2015/2016 Actual No.	2016/2017 Actual No.
<b>1</b> Total fires attended in the year	515	515	688
<b>2</b> Total other incidents attended to in the year	363	366	405
<b>3</b> Average turnout time within 15 minutes - urban (%)	98	98	98
<b>4</b> Average turnout time within 15 minutes - rural (%)	95	95	95
<b>5</b> Firefighters in post at year end	27	39	39
<b>6</b> Total fire appliances at year end	12	12	13
<b>7</b> Average number of appliances off the road during year	0	0	1

JOB LEVEL	2015/2016				2016/2017			
Fire Fighters	Posts	Employees	Vacancies (fulltime equivalent )	Vacancies (as a % of total Posts)	Posts	Employees	Vacancies (fulltime equivalent )	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	%	No.	No.	No.	%
<b>Chief Fire Officer</b>	1	1	0	0	1	1	0	0
<b>Other Fire Officers</b>	5	5	1	20	6	6	4	34%
<b>Firefighters</b>	27	27	0	0	78	27	51	35%
<b>Total Posts</b>	33	33	1	3	89	34	55	39%
<b>Reservist Firefighters</b>	10	10	0	0	15	11	4	36%
<b>Volunteers</b>	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
<b>Total</b>	43	43	N/a	N/a	104	45	55	48%

FINANCIAL PERFORMANCE 2017: FIRE SERVICES						R'000
Details	2016 Actual	Original Budget	Adjustment Budget	2017 Actual	Variance to Budget	
Total Operational Revenue	504	465	299	1438	68%	
<b>Expenditure:</b>						
<b>Fire fighters</b>						
<b>Other employees</b>	11709	13003	15266	15143	14%	
<b>Repairs and Maintenance</b>	403	428	818	780	45%	
<b>Other</b>	2256	9937	9362	7617	-30%	
Total Operational Expenditure	14369	23368	25446	23539	1%	
Net Operational Expenditure	13864	22903	25147	22102	-4%	

CAPITAL EXPENDITURE 2017: FIRE SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	2 355	1 595	1 563	-51%	
<b>Firefighting Equipment and Hazmat Equipment</b>	60	60	49	-23%	
<b>Furniture &amp; Office Equipment</b>	60	60	60	-1%	
<b>Machinery &amp; Equipment</b>	–	–	–	–	
<b>Replacement of Vehicles: CBS 21502</b>	1 450	1 230	1 175	-23%	
<b>Breathing Apparatus Set Complete with Composite Cylinder and Facemask</b>	70	–	66	-5%	
<b>KwaNonqaba: New Fire Station and Disaster Management Centre</b>	715	–	–	–	
<b>Intrinsically Safe Firefighting Torch X30</b>	–	90	78	100%	
<b>Portable Handheld Radio</b>	–	105	92	100%	
<b>Upgrade/Conversion of Rescue Tools</b>	–	50	43	100%	

The Fire service achieved all its Key Performance Indicators as set out in the SDBIP with excellent results.

The following are the major capital expenditure items which were completed during 2016/2017:

1. Firefighting equipment and Hazmat Equipment: R 60 000
2. Furniture Tools and Equipment: R 60 000
3. Breathing Apparatus Sets: R 70 000
4. 4x4 Light Pumper Fire Fighting Vehicle: R 1 450 000

### 3.19 DISASTER MANAGEMENT

#### INTRODUCTION

The term “Disaster Risk Management” refers to integrated multi-sectoral and multi-disciplinary administrative, organisational and operational planning processes and capacities aimed at lessening the impact of natural hazards and related environmental, technological and biological disasters.

The Disaster Management function falls within the Sub-Directorate Fire and Disaster Management Services, which is responsible for prevention, mitigation, preparedness, response, recovery and rehabilitation of incidents as pro-active measures relating to disaster management.

#### Disaster Management Plan

As per Section 53 (1) of the Disaster Management Act, No 57 of 2005 each municipality must:

- prepare a Disaster Management Plan for its area according to the circumstances prevailing in the area;
- co-ordinate and align the implementation of its plan with those of other organs of state and institutional role-players; and
- regularly review and update its plan; and through appropriate mechanisms, processes and procedures established in terms of Chapter 4 of the Local Government Systems Act, No. 32 of 2000, consult the local community on the preparation or amendment of its plan.

The Mossel Bay Municipality is primarily responsible for the implementation of the Disaster Management Act, No. 57 of 2002 within its area of jurisdiction, with a specific focus on ensuring effective and focussed disaster risk reduction planning. With the new approach to Disaster Risk Management in South Africa and world-wide, the emphasis changed from response to disasters to pre-disaster risk reduction. The process of disaster risk reduction should therefore commence with a process of risk identification and assessment. The outcomes of a disaster risk assessment can ensure that all developmental initiatives as well as contingency planning and practice of the municipality are informed by accurate knowledge of potential disaster risk, enabling various stakeholders to contribute to the reduction of such risk.

The disaster management plan of Mossel Bay Municipality:

- Forms an integral part of its Integrated Development Plan (IDP);
- Anticipates the types of disasters that are likely to occur in the municipal area and their possible effect;
- Places emphasis on measures that reduce the vulnerability of disaster-prone areas, communities and households;
- Identifies the areas, communities or households at risk;
- Takes into account indigenous knowledge relating to disaster management;
- Promotes disaster management research;
- Identifies and address weaknesses in capacity to deal with disasters;
- Provides for appropriate prevention and mitigation strategies;
- Facilitates maximum emergency preparedness; and
- Contains contingency plans and emergency procedures in the event of a disaster.

A number of effective programmes have been implemented during the last financial year to address the above requirements, which include:

- Awareness programmes to protect citizens from fires and floods;
- Regular cleaning of the storm water channels;
- Clean-up programmes of rivers and streams;
- The Fire and Rescue Services do regular awareness programmes in the communities.

The Disaster Management Plan of the Municipality was updated in 2016 and accepted by Council. It forms an integrated part of the IDP, which was evaluated by the Provincial Disaster Management Centre. The Municipality was complimented on its plan once again.

#### Disaster Incidents

Two landslip events occurred within the Mossel Bay Municipal area, one at Seemeeuvlug / Tuscan Village in Hartenbos and the other at Botha Street in Great Brak River. The Municipality implemented remedial measures to safeguard residents and protect municipal infrastructure. The events are of a slow onset nature and is monitored to establish appropriate action to be taken.

The adverse weather conditions led to the onset of an agricultural drought as well as severe fire events throughout the Mossel Bay Municipal area with devastating effects for landowners. Two Disaster Declarations were promulgated by the Mossel Bay Municipal Council for the events.



## COMPONENT H: SPORT AND RECREATION

### 3.20 SPORT AND RECREATION

#### INTRODUCTION TO SPORT AND RECREATION

The Sport section, as part of the Sub-Directorate: Parks and Recreation, is responsible for the maintenance and management of all sport facilities in the Mossel Bay Municipal area. There are currently 11 sports complexes, which this section is responsible for the maintenance. Apart from this, there are a few contracts in place with third parties regarding assistance with maintenance on their facilities.

There are annually certain big events taking place on the facilities and the maintenance programmes are planned to ensure that the facilities are maintained to the best possible standard especially for these big events. Some of the events taking place are the annual sport festival comprising of many different sports including the schools cricket tournament, the annual sport school including rugby, netball and hockey and the annual “World Cup” soccer tournament. This year the South African Police Services women’s soccer tournament was also hosted in Mossel Bay.

There is an increase in demand for sport facilities, especially from the poorer communities, but at this stage the sport section does not have the capacity or the available funds to deliver on these demands.

Vandalism is another challenge the Municipality is dealing with at the sport facilities. There is an increase in vandalism and theft experienced at the different sport complexes, especially those facilities situated in the previously disadvantaged communities. This places an additional burden on the staff to ensure that the facilities are in good order and of an acceptable standard for the user. These acts also place additional strain on the budget of the section.

FINANCIAL PERFORMANCE 2017: SPORT AND RECREATION					
Details	2016 Actual	Original Budget	2017		R'000 Variance to Budget
			Adjustment Budget	Actual	
Total Operational Revenue	7 803	8 184	8 996	9 156	11%
<b>Expenditure:</b>					
Employees	18 589	20 180	19 336	19 150	-5%
Repairs and Maintenance	3 764	4 213	4 164	4 072	-3%
Other	28 691	22 530	24 372	26 093	14%
Total Operational Expenditure	51 044	46 923	47 873	49 315	5%

FINANCIAL PERFORMANCE 2017: SPORT AND RECREATION					
					R'000
Details	2016 Actual	Original Budget	Adjustment Budget	2017 Actual	Variance to Budget
Net Operational Expenditure	43241	38739	38876	40159	4%

CAPITAL EXPENDITURE 2017: SPORT AND RECREATION					
					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>4 143</b>	<b>4 558</b>	<b>4 472</b>	<b>7%</b>	
<b>Machinery &amp; Equipment - New</b>	4	4	3	-25%	
<b>Machinery &amp; Equipment - Replacement</b>	8	8	4	-99%	
<b>Bins</b>	–	40	33	100%	
<b>Sunshades</b>	–	126	126	100%	
<b>Construction of braais</b>	–	94	92	100%	
<b>Donated Sheep</b>	–	3	3	100%	
<b>Machinery &amp; Equipment - New</b>	50	42	41	-21%	
<b>Furniture &amp; Office Equipment - New</b>	–	8	9	100%	
<b>Upgrade Play Park: Asazani</b>	50	15	15	-244%	
<b>Kudu Lawnmowers X3</b>	80	86	83	3%	
<b>New Fence between Tolbos and Peperboom Street</b>	40	–	–	–	
<b>Electric fence at SPCA</b>	29	29	–	–	
<b>Electric fence at SPCA</b>	31	30	30	-2%	
<b>New Canopy - CBS 39154</b>	–	11	–	–	
<b>Furniture &amp; Office Equipment-New</b>	10	20	19	47%	
<b>Furniture &amp; Office Equipment-Replacement</b>	10	–	–	–	
<b>Machinery &amp; Equipment-New</b>	10	10	8	-26%	
<b>Machinery &amp; Equipment - Replacement</b>	10	10	9	-13%	
<b>Upgrade the Ext 23 KwaNonqaba / D'Almeida Sports Fields</b>	3 812	3 812	3 816	0%	
<b>Great Brak Bowling Club</b>	–	1	–	–	
<b>2 X Battery-operated line-marking machines</b>	–	30	27	100%	
<b>Rebuilding of cricket pitch - D'Almeida Stadium</b>	–	180	156	100%	

Job Level	EMPLOYEES: SPORT AND RECREATION				
	2016	Posts	2017	Vacancies (fulltime equivalent)	Vacancies (as a % of total Posts)
	Employees		Employees		
	No.	No.	No.	No.	%
<b>0 - 3</b>	5	6	5	1	17%
<b>4 - 6</b>	9	15	9	6	40%
<b>7 - 9</b>	4	4	4	0	0%
<b>10 - 12</b>					–
<b>13 - 15</b>	1	1	1	0	0%
<b>16 - 18</b>					–
<b>19 - 20</b>					–
<b>Total</b>	19	26	19	7	27%

#### SERVICE STATISTICS FOR SPORT AND RECREATION

At the moment, the Municipality has lease agreements with 17 sports clubs covering 21 sport codes. These clubs are all participating in different official leagues within the region. Apart from that there are many clubs and sport groups making use of the Municipal facilities for social purposes. This place a huge burden on the Municipal staff regarding the maintenance of the facilities taking into consideration that the staff complement are only 11 people.

The total budget for the section was R9 405 586 and provision was made for an income of R4 419 302. This includes the income received for the upgrading of the Extension 23 facility and funded from the MIG allocation.

#### COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

The Sport Section performed their duties excellently taking into consideration the challenges and demands they face on a continuous basis. There is a need for additional facilities but the availability of land as well as the funds needed to develop the facilities are problematic.

Many of the existing facilities are relatively old and to ensure that the lifespan of the facilities is increased, an engineer was appointed to thoroughly investigate of all facilities. This information will be used in future to determine priorities regarding maintenance programmes.

Due to the huge demand and usage of the sports facilities, as well as the number of clubs making use of municipal facilities, it was decided to establish a facility committee for every facility. Part of the committee are members of the different sports clubs and the aim of the committee is to better the communication between the Municipality and the users and to inform all users in a timeously manner of challenges being experienced at facilities that may impact their usage of a certain facility.

### 3.21 RESORTS

The Mossel Bay Municipality operates the Point Caravan Park with 211 camping sites. Because of the highly seasonal nature of coastal holidays and also the high fuel prices, the average occupancy rates are generally low, particularly over the winter months. This negatively affects profitability.

Mossel Bay is traditionally a summer holiday destination and the caravan park is usually heavily booked during the holiday period in December and January. During the remaining months of the year, the resorts hosted a number of events, the attendance of which make a significant contribution to the town's economy.

## **COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES**

### INTRODUCTION TO CORPORATE POLICY OFFICES

The functions in this category are distributed amongst different Directorates within the Mossel Bay Municipality. Corporate policy issues are handled on a departmental basis depending on the responsibility for the specific function. The Directorate Financial Services is responsible for the financial affairs of the Municipality. The Directorate Corporate Services is responsible for the Human Resources as well as Information Technology functions of the Municipality. The latter Directorate is also responsible for rendering general administrative services to the Municipality overall as well as administrative and support services to ensure the effective functioning of Council and its Committees. Specific support services are rendered to the Office of the Mayor, the Mayoral Committee and the Office of the Speaker.

### 3.22 EXECUTIVE AND COUNCIL

The functions in this category are distributed amongst different Directorates within the Mossel Bay Municipality. Corporate policy issues are handled on a departmental basis depending on the responsibility for specific function. The Directorate Financial Services is responsible for the financial affairs of the Municipality. The Directorate Corporate Services is responsible for the Human Resources as well as Information Technology functions of the Municipality. The latter Directorate is also responsible for rendering general administrative services to the Municipality overall as well as administrative and support services to ensure the effective functioning of Council and its Committees. Specific support services are rendered to the Office of the Mayor, the Mayoral Committee and the Office of the Speaker.

FINANCIAL PERFORMANCE 2017: THE EXECUTIVE AND COUNCIL					
					R'000
Details	2016 Actual	Original Budget	2017 Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	59324	50760	59084	90134	44%
<b>Expenditure:</b>					
<b>Employees</b>	40372	44304	46557	45940	4%
<b>Repairs and Maintenance</b>	2405	2602	3055	2822	8%
<b>Other</b>	38509	36571	35103	35507	-3%
Total Operational Expenditure	81286	83477	84715	84269	1%
Net Operational Expenditure	21962	32716	25630	-5865	658%

CAPITAL EXPENDITURE 2017: THE EXECUTIVE AND COUNCIL					
					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	730	810	775	6%	
<b>Furniture &amp; Office Equipment</b>	–	59	36	100%	
<b>Overhead Sound System in     the Committee Room</b>	–	10	8	100%	
<b>Blinds for Deputy Mayors     Office</b>	–	7	4	100%	
<b>Furniture &amp; Office Equipment     - New</b>	3	12	11	70%	
<b>Furniture &amp; Office Equipment     - Replacement</b>	6	3	3	-117%	
<b>Machinery &amp; Equipment New</b>	3	2	2	-19%	
<b>High Volume Photocopy     Machine</b>	375	374	374	0%	
<b>New Interpretation/Sound     System for Committee Room</b>	300	300	299	0%	
<b>Binding Machine</b>	22	26	25	13%	
<b>Furniture &amp; Office Equipment</b>	10	13	9	-16%	
<b>Data Projects</b>	8	–	–	–	
<b>Projects Screen</b>	4	2	2	-101%	
<b>Replace Printer (Director)</b>	–	2	2	100%	

### 3.23 FINANCIAL SERVICES

#### INTRODUCTION FINANCIAL SERVICES

The Directorate Financial Services is responsible for the delivery of all financial-related services to the Municipality. This includes the following:

- Strategic financial guidance
- Budget, financial statements and related aspects
- Expenditure management, which includes salaries and wages
- Income and account services
- Supply chain management services

The aim of this Directorate is to keep the financial position of the Municipality stable, to ensure that it will continue to not only meet its financial commitments, but to ensure that economically viable services are rendered to the community on an effective and efficient basis. To maintain the present high standard of financial services the Municipality must adhere to many acts and other legal prescripts, policies, regulations, etc. Most important, however, is the Directorate's personnel that are very competent and highly motivated.

FINANCIAL PERFORMANCE 2017: FINANCIAL SERVICES					
	2016		2017		R'000
Details	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	95171	101843	104399	104651	3%
<b>Expenditure:</b>					
<b>Employees</b>	705	743	798	797	7%
<b>Repairs and Maintenance</b>	420	665	660	529	-26%
<b>Other</b>	2243	3958	3560	3609	-10%
Total Operational Expenditure	3368	5366	5018	4935	-9%
Net Operational Expenditure	-91804	-96476	-99381	-99716	3%

CAPITAL EXPENDITURE 2017: FINANCIAL SERVICES					
			2017		R' 000
Capital Project	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	65	1 034	588	89%	
<b>Furniture &amp; Office Equipment- Finance Committee Chamber</b>	25	25	22	-11%	

CAPITAL EXPENDITURE 2017: FINANCIAL SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Furniture &amp; Office Equipment-Budget Office</b>	10	10	8	-23%	
<b>Cricket nets - Van Riebeeck Stadium</b>	–	51	51	100%	
<b>Spectrophotometer</b>	–	81	81	100%	
<b>Alcohol Test meter</b>	–	9	8	100%	
<b>Computer Equipment</b>	–	123	10	100%	
<b>Air conditioner</b>	–	12	9		
<b>Replacement of CBS 20909</b>	–	175	–		
<b>Scanner Sagem Fingerprint</b>	–	4	4	100%	
<b>Furniture and Office Equipment</b>	–	149	130	100%	
<b>Hand Radios with battery charger</b>	–	17	17	100%	
<b>Furniture &amp; Office Equipment-Insurance Claims</b>	–	1	–	–	
<b>Plant &amp; Equipment-Insurance Claims</b>	–	40	37	100%	
<b>Transport Asset-Insurance Claims</b>	–	272	170	100%	
<b>Furniture &amp; Office Equipment-Income-New</b>	3	2	–	–	
<b>Furniture &amp; Office Equipment-Income-Replacement</b>	10	4	–	–	
<b>Computer Equipment</b>	2	9	9	77%	
<b>Furniture &amp; Office Equipment-Creditors (N)</b>	6	7	7	25%	
<b>Furniture &amp; Office Equipment-Creditors (R)</b>	–	3	3	100%	
<b>Computer Equipment-Creditors (N)</b>	2	7	–	–	
<b>Furniture &amp; Office Equipment-Salaries &amp; Wages (R)</b>	2	21	21	90%	
<b>Computer Equipment-Salaries &amp; Wages (R)</b>	6	–	–	–	
<b>Furniture &amp; Office Equipment-Salaries &amp; Wages (N)</b>	–	–	–	–	
<b>Computer Equipment-Salaries &amp; Wages (N)</b>	–	11	–	–	

## COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

The Directorate was actively involved in the Council's achievement of its 5<sup>th</sup> clean audit in succession. Compliance to relevant legislation, regulations and other prescriptions were adhered to without any negative audit findings. All root causes of issues raised by the AG in previous year was addressed in the pursuit of another clean audit. The tabling of the relevant Budgets and AFS were done within prescribed deadlines and complied with prescribed formats.

As part of its portfolio the investments of surplus funds were actively pursued with higher than budgeted returns received for a few financial years in a row. Strict budget control ensured again a cash surplus for the year under review. The cash surplus of R 31 million was contributed to the Capital Replacement Reserve, the reserves balance is fully cash-backed. The financial ratios indicate that the Municipality is financially sound and that internal control measures are in place.

The staff are deemed to be competent in their environment and the Department is actively involved in training and coaching its staff. For this reason, both external audit and internal audit reports indicate proficiency, diligence and accountability in the execution of the department's duties.

### 3.24 HUMAN RESOURCE SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources management and development is critical in building stability in a municipality and ensure that the municipality is appropriately resourced and capacitated to fulfil its mandate.

The skills and knowledge to decide on what criteria to use to recruit, select, train, discipline, promote and pay employees falls within the scope of human resources and therefore requires a competent, developed and skilled human resources team to drive these aspects. It is thus so important to revise and develop policies, strategies and initiatives on a continuous basis to ensure that the human resource capacity is developed to a level where it can perform its responsibilities in an economical, effective, efficient and accountable way.

The Human Resources Management Sub-Directorate renders a support function to all department and is responsible for the administration of all matters relating to the Municipality's workforce and assists the Municipality in maintaining smooth human resources processes and procedures in compliance with the relevant legislation and is responsible for the following functions:



- Labour relations
- Time and Attendance Management
- Recruitment and selection
- Skills development and training
- Occupational Health and Safety
- Leave and Benefit Administration
- Employee Assistance

The Human Resources Sub-directorate constantly strives to improve its performance by revising Human Resource policies on an annual basis or when legislative or operational need for revision exist. Policy workshops are conducted on an annual basis by the Human Resource Sub-Directorate to ensure that staff keep up with policy amendments and new policies.

Effective and updated policies contribute to improving compliance in terms of legislation. Policies also provide a solid guideline for employees to do their work and provide workplace structure, support in the way that a municipality define roles and responsibilities and explain the consequences of actions and behaviours. It also plays a significant role in contributing to service delivery when it streamlines the workflow in the municipality.

#### EMPLOYEE WELLNESS

Apart from setting up formal criteria and structures to deliver a support function to the Management and employees of the Municipality, it is also the responsibility of each Employer to promote and maintain the general state of well-being of employees and to show that they care for or look after its employees.

An active Employee Assistance Programme plays a vital role to fulfil this function and also assists employees with personal and/or work-related problems, that may have an effect on their work, performance, health or emotional wellness.

The following programmes were rolled out to boost the morale, improve health and fitness and increase productivity within the Municipality:

- HIV & TB awareness and testing with the focus to equip employees with knowledge of HIV & TB and to do TB screening and HIV testing so that the employees know their status.
- Monthly clinic visits run by the Department of Health to distribute chronic medication. The result of this service is that employees do not default on chronic medication, employees do not have to take leave/time-off to collect his/ her medication and the impact on service delivery is not as huge as when an employee takes a day leave. Department of Health also do HIV, TB, hypertension and family planning during the day

- An annual Wellness Roadshow which focusses on educating employees on general hygiene and hepatitis.
- Health Wellness Day where amongst other services free health screenings were done. This event is annually very well attended by employees. The Health Wellness is an event that also receive huge attention from Medical aids and service providers.
- Financial Wellness Day that works on the same principle as the Health Wellness and which aims to give free financial information and advice. The employees get an opportunity to have a one-on-one session with the service providers.

EMPLOYEES: HUMAN RESOURCE SERVICES					
Job Level	2015/16 Employees	Posts	2016/17 Employees	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	–
4 - 6	4	4	2	2	50%
7 - 9	2	4	4	0	0%
10 - 12	5	6	6	0	0%
13 - 15	2	2	2	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	–
Total	14	17	15	2	12%

FINANCIAL PERFORMANCE 2017: HUMAN RESOURCE SERVICES					
Details	2016 Actual	Original Budget	2017 Adjustment Budget	Actual	R'000 Variance to Budget
Total Operational Revenue	831	700	0	756	7%
<b>Expenditure:</b>					
Employees	4 955	5 621	5 500	5 337	-5%
Repairs and Maintenance	124	124	111	12	-932%
Other	2 729	4 863	4 803	4 274	-14%
Total Operational Expenditure	7 808	10 607	10 414	9 623	-10%
Net Operational Expenditure	6 977	9 907	10 414	8 867	-12%

CAPITAL EXPENDITURE 2017: HUMAN RESOURCE SERVICES					
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	R' 000 Total Project Value
Total All	93	92	88	-5%	

CAPITAL EXPENDITURE 2017: HUMAN RESOURCE SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Furniture &amp; Office Equipment</b>	35	39	39	12%	
<b>Computer Equipment</b>	3	0	0	-735%	
<b>Disabled Toilets</b>	25	24	24	-4%	
<b>Extension of the Kitchen</b>	30	28	24	-24%	

**COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:**

With legislation and policies that constantly change it is the task of Human Resources to ensure that employees are competent and skilled to understand and respond effectively to new and changed legislation, policies, procedures and systems.

As a Municipality we believe in investing in the development of our workforce and employees are continuously exposed to learning interventions aimed at equipping them with skills, knowledge and abilities required to meet the needs of service delivery requirements, responsibilities and to achieve the goals of the Directorate and Municipality.

Human Resources remains one of the most important functions in any organisation, as the staff component of an organisation is the vehicle for service delivery. It is therefore of utmost importance that the Human Resources department is capacitated and developed to fulfil its supportive responsibility in the Mossel Bay Municipality. Staff in this Sub-Directorate are trained and committed and contribute towards the excellent performance of the Sub-Directorate.

The overall performance of the Human Resources Sub-Directorate is measured and monitored continuously by the set key performance areas with specific monitoring and measuring tools to ensure that targets are achieved and that the Sub-Directorate renders a supportive function to Management as well as all employees and Trade Unions.

The continuous revision of staff competency levels by means of skills audits performed on all new appointees as well as internal staff promoted to a higher post, or appointed in another post, is also proof of the commitment to ensure that all staff are trained and competent to deliver a high standard of service as expected. A Career Path Policy has been developed that will capacitate internal staff with career development, as well as to ensure that internal employees learn and achieve scarce and critical skills.

Policy maintenance and development plays a vital role in consistency and structure and was therefore identified as a key performance indicator against which HR officials are measured. Outdated and ineffective policies are revised and amended to fulfil the purpose it was created.

<b>FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT*</b>						
<b>Description</b>	<b>A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))</b>	<b>B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))</b>	<b>Consolidated: Total of A and B</b>	<b>Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))</b>	<b>Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))</b>	<b>Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))</b>
<b>Financial Officials</b>						
Accounting Officer	1	0	1	0	0	0
Chief Financial Officer	1	0	1	0	0	0
Senior Managers	5	0	5	0	0	0
Any Other Financial Officials	81	0	81	0	0	0
<b>Supply Chain Management Officials</b>						
Heads of Supply Chain Management Units	1	0	1	0	0	0
Supply Chain Management Senior Managers	3	0	3	0	1	1
<b>Total</b>	<b>92</b>	<b>0</b>	<b>92</b>	<b>0</b>	<b>1</b>	<b>1</b>

### 3.25 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Sub-Directorate Information and Communication Technology resorts under the Director Corporate Services and fulfils a very sophisticated support service to the whole of the Municipality in providing all Corporate Systems, data and Voice Over Internet Protocol services to the Head Office and all satellite offices. The staff complement consists of the IT Manager, Systems Administrator, Network Engineer, IT Technician and GIS Administrator.

The Sub-Directorate delivers services to offices at Montagu Place (Planning and Integrated Services), George Road (Technical and Electricity Services), the Point Caravan Park, Hartenbos (Socio-Economic Development Sub-Directorate), Old Power Station (Human Resources), Great Brak River, Friemersheim, Herbertsdale, KwaNongaba, Plaza Aquada (Community Services, Supply Chain Management and Strategic Services), Stores and Fire Brigade and some of the officials that have radio links to their homes. A total of 101 radios are managed that connect the entire municipal environment with each other.

The main function of this Sub-Directorate is to provide continuous support to all users and ensure a 100% uptime of all the different systems in use by the Municipality as this is also one of its Key Performance Indicators (KPI). Although the KPI target is 100%, this is not always achievable. The main obstacles to overcome in achieving this goal are hardware component failure, power disruptions and critical software updates that sometimes cause incompatibilities.

The pressure on the present very small staff complement of the Sub-Directorate is ever increasing due to the overall increase in the Municipality's workforce. Notwithstanding these challenges an average uptime of 99% for all services was achieved. All four of the functional streams need an additional appointment to ensure the service delivery expected from the Sub-Directorate as well as service continuity.

During the oversight year, some capital projects were carried out. The biggest of these were the acquisition and implementation of additional storage space for the Virtual Machine (VM) environment. This project was implemented to cater for mSCOA (Municipal Standard Chart of Accounts) changes and requirements and the exponential growth in data size. The next biggest was the magnitude was the implementation of a new website that went live in May 2017.

A Firewall solution has been implemented ensuring that the municipal IT infrastructure are secure and safe from the attacks from the outside world. A few smaller networking infrastructure projects have also been successfully completed. The ongoing GIS project is showing good progress and finally starting to show good business value and return on investment. It can now be stated that we have implemented mechanisms to aid asset management with the aid of the GIS. Departments are increasingly starting to engage in projects on the GIS like the Fire Brigade, Financial Services, Town Planning, Integrated Development Planning, Health Services and Parks and Recreation.

Community-accessed Wi-Fi hotspots have been increased to 4 locations in disadvantaged areas.

External service providers have been contracted for the support and maintenance of the VM environment radio network infrastructure, network cabling infrastructure and the provision of printer peripherals and maintenance thereof.

### Service Statistics for IT Services

IT manages an environment with 42 servers, 16 corporate software packages and 390 users.

IT handles in total about 250 calls a month that is considerably less than previous years. This shows something is being done right.

### COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The overall performance of this Sub-Directorate is measured and monitored continuously by set Key Performance Areas with specific monitoring tools to improve overall uptime of services, speedily resolved hardware and software problems and better overall networking capabilities. With its very committed and motivated personnel all fields of expectations and deliverables are met to the best of the Sub-Directorate's abilities.

EMPLOYEES: ICT SERVICES					
Job Level	2016	Posts	Employees	2017	Vacancies (as a % of total posts)
	Employees			Vacancies (fulltime equivalent)	
	No.	No.	No.	No.	%
<b>7 - 9</b>	0	0	0	0	0%
<b>10 - 12</b>	4	4	4	0	0%
<b>13 - 15</b>	1	1	1	0	0%
<b>Total</b>	5	5	5	0	0%

FINANCIAL PERFORMANCE 2017: ICT SERVICES					
Details	2016	Original Budget	2017	Actual	Variance to Budget
	Actual		Adjustment Budget		
Total Operational Revenue	430	0	0	0	–
<b>Expenditure:</b>					
<b>Employees</b>	1685	2210	2075	2083	-6%
<b>Repairs and Maintenance</b>	2970	3301	3189	2855	-16%
<b>Other</b>	2005	1439	1200	1076	-34%
Total Operational Expenditure	6660	6950	6464	6014	-16%
Net Operational Expenditure	6230	6950	6464	6014	-16%

CAPITAL EXPENDITURE 2017: ICT SERVICES					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	2 612	3 045	1 235	-112%	
<b>Computers (New - Other)</b>	563	628	23	-2400%	
<b>Computers (Replacement - Electricity)</b>	44	44	–	–	
<b>Computers (Replacement-Other)</b>	1 231	1 201	127	-866%	
<b>Data Load Balancer</b>	55	55	49	-12%	
<b>Network Switches</b>	70	73	73	4%	
<b>VM Solutions Data Capacity</b>	650	732	650	0%	
<b>Air Conditioning and Humidity Control of IT Disaster Recovery and HR Archives at Old Power Station Vault</b>	–	23	23	100%	
<b>4 x POE switches for IP Telephones</b>	–	26	26	100%	
<b>Radio Network Backbone Redundancy</b>	–	47	47	100%	
<b>Replacement of UPS at Disaster Recovery Site</b>	–	30	30	100%	
<b>Firewall and Intrusion Prevention</b>	–	188	188	100%	

### 3.26 LEGAL SERVICES AND RISK MANAGEMENT

#### INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Legal Services Department reports to the Office of the Municipal Manager and ensures that all actions and decisions taken by Council and its structures are in compliance with legislation and the legal framework of the Mossel Bay Municipality.

Legal Services also provides a support function to the respective Directorates with regard to legal advice, contracts and by-laws. It provides a supportive and advisory function that strengthens the capacity of the Municipality to fulfil its legislative mandate. The Department also administers the fraud and risk function of the Municipality, which aims to support the objectives of the Municipality to implement and maintain effective systems to identify and mitigate identified risks.

Legal Services were also directly involved in the process of entering into a lease agreement with the Colosseum Hotel Management Company (Pty) Ltd after a lengthy Section 78 and procurement process for the lease of the Santos and De Bakke Chalets and Resorts for a period of thirty (30) years. The project is currently in the planning and implementation phase with upgrades due to commence in the 2017/2018 financial year.

Council resolved that a Section 78 investigation should also be conducted for the leasing and management of the Point Caravan Park and the investigation is currently underway. The Phase 1 report is due to be tabled during the latter part of 2017.

Legal Services have also undertaken many more interesting and exciting projects such as the proposed new zip line at the Point. It is envisaged that the route will be from past the lighthouse with the base station being on the deck adjacent to the Big Blu Restaurant. This will be a first for Mossel Bay and it is believed that it will become one of the main tourist attractions in the area.

A study is also underway to investigate the possibility of utilising horses on beaches for enhanced safety. Likewise, Phase 2 of the Light Rail Transport System between Hartenbos and Mossel Bay is underway. It is envisaged that this project will provide tourists and local commuters with an easier route between Hartenbos and Mossel Bay with various stops along the way. The Light Rail Transport System will endeavour to provide tourists with a scenic route along the coast for travelling and relieve traffic congestion during peak holidays.

The Municipality conducted an investigation into the development of the Mossel Bay Airfield and Legal Services are involved in the implementation of the recommendations tabled and approved by Council.

Legal Services are currently also in process of investigating the future use, including the possible alienation of the municipal Farm Kleinbosch that is currently used as a plantation and where pine trees were recently harvested.

The old “Shoemaker Building” in Montagu Street was leased to Heritage Mossel Bay as the building itself is an historic icon in Mossel Bay. The lease is for a period of three (3) years during which the building will serve as a photo expo and tourist attraction.

Officials within the Sub-Directorate are also involved and assist with arrangements and organising various municipal festivals and functions such as the Mayoral Gala, Dias Festival and Sport Festivals that have been successfully hosted for the past six (6) years.

As Legal Services is responsible for an effective and efficient contract management system within the Municipality an electronic service level agreement system has been implemented and is being continuously improved. This system enables proper and effective record keeping and assists in measuring and evaluating performance of service providers in terms of agreements.



Assistance was provided by Legal Services to the Directorate: Planning and Integrated Services in finalising the important Mossel Bay Zoning Scheme By-Law.

An electronic docket system has been developed and implemented at the Municipal Court which enhances record keeping, referencing and day-to-day processes within the Court.

Legal Services is currently assisting the various Directorates within the Municipality to have commissioners of oaths appointed in the department to enhance service delivery to the community and processes within the Municipality.

FINANCIAL PERFORMANCE 2017: PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES					
					R'000
Details	2016 Actual	Original Budget	2017 Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	755	110	146	1846	94%
<b>Expenditure:</b>					
<b>Employees</b>	8637	9706	8142	8347	-16%
<b>Repairs and Maintenance</b>	184	31	9	6	-383%
<b>Other</b>	6431	4116	3843	3439	-20%
Total Operational Expenditure	15252	13853	11995	11792	-17%
Net Operational Expenditure	14497	13743	11849	9946	-38%

CAPITAL EXPENDITURE 2017: PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES					
					R' 000
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	980	1 091	3 050	68%	
<b>Purchase of New LDV Vehicle &amp; Toolbox</b>	320	233	233	-37%	
<b>Machinery &amp; Equipment</b>	7	53	38	81%	
<b>Air conditioners - Municipal offices - Replacement</b>	–	9	8	100%	
<b>New Air conditioners - Municipal Offices</b>	–	65	57	100%	
<b>Siyanihanda Disabled Child Care Centre</b>	–		2 028	100%	
<b>New Safe (records of Legal and SCM documentation)</b>	500	540	509	2%	

CAPITAL EXPENDITURE 2017: PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES					
R' 000					
Capital Project	Budget	Adjustment Budget	2017 Actual Expenditure	Variance from original budget	Total Project Value
<b>Furniture &amp; Office Equipment -Legal Services</b>	–	9	7	100%	
<b>Furniture &amp; Office Equipment -SCM (New_P)</b>	6	6	4	-43%	
<b>Furniture &amp; Office Equipment -SCM (New_L)</b>	1	1	–	–	
<b>Furniture &amp; Office Equipment -SCM (Replacement_P)</b>	3	3	–	–	
<b>Furniture &amp; Office Equipment -SCM (Replacement_L)</b>	1	13	13	92%	
<b>Computer Equipment (Replacement_L)</b>	4	4	3	-27%	
<b>Computer Equipment (Replacement_P)</b>	7	13	7	-1%	
<b>Build camp to store poles and pipes (including floor and roofing/shade net)</b>	70	40	40	-76%	
<b>Mesh Box Trolley - 4 sided 915 x 610 x 970mm for the Stores</b>	5	5	4	-17%	
<b>Electric stacker for the Stores</b>	52	50	50	-4%	
<b>2,5-ton pallet jack for Stores</b>	5	3	3	-30%	
<b>Upgrading of the Stores Building</b>	–	45	44	100%	

## **COMPONENT J: MISCELLANEOUS**

### **Municipal Court**

The Municipality welcomed a new Prosecutor for the Municipal Court, Ms Shannon van Wyk during June 2017 to Court after Mrs. Amanda Joubert accepted another position as Magistrate at the George Municipal Court.

The Municipal Court has been an asset to the Municipality as it assists the Municipality in achieving its legislative objectives by enforcing National Building Regulations, Municipal By-laws and traffic contraventions. It deals with the prosecution of transgressions from both the Provincial and Municipal Traffic Department, which are situated within the jurisdiction of the Municipality.

The Court has had many successes and is positively fulfilling the role that was envisioned for it the Court during its planning and implementation phase. The Court's main focus is not only prosecution, but it also creates awareness of by-laws and court processes that enhances the community's understanding of municipal and judicial functions. The community's opinion of the Municipality is also enhanced as community values are protected and safeguarded.

More than 10 352 cases were brought to Court during the 2015/2016 financial year of which 1 353 were successfully prosecuted and 5 985 resulted in warrants of arrest for not attending court.

The Municipal Court's income for the financial year amounted to R5 857 260.

Frequent meetings are held between stakeholders, which include the Department of Justice, Provincial Traffic and the SAPS to ensure effective management and efficient processes within the Court. Training for municipal officials in court processes are also conducted, thus enabling a learning environment and enhancing skills and competencies within the Municipality.

Identified officials in the respective Directorates also received specific training resulting in their appointment as Peace Officers, which further enhances the Municipality's capacity.

Various Fines Lists were also compiled in respect of the Municipality's By-Laws and the National Building Regulations, Community Fire Safety By-Law and Outdoor Advertising and Signage.

The Court dealt with various interesting cases during the 2016/2017 financial year that included: illegal trading, illegal structures, illegal discharges and lack of control of animals.



## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

### Organisational Performance Management and Top-Level SDBIP Report

The Mossel Bay Municipality has built on its previous achievements and has continued to make tremendous advances in improving organisational performance. This was made possible by fostering a culture of performance within its structures and has contributed immensely to the successes achieved by the organisation. This performance-driven culture would not have been made possible, if it were not for the commitment and buy-in from the top management, who remain geared to promote performance management within the Local Government sphere. The management of organisational performance is, however, not a static discipline and is constantly influenced by external as well as internal factors. Therefore, management is engaged in proactive activities to increase its readiness for anticipated changes. As the focus shifts more and more to the performance of Local Government it remains a challenge to implement and comply with changes to Legislation and Regulations that in many cases follow a singular approach, while neglecting the fact that municipalities operate within vastly different environments with a varying amount of resources. Despite facing these challenges, the Municipality has improved its organisational performance system in the following manner:

- Implementation of Performance Management System by creating an organisational culture of performance monitoring and evaluation;
- Setting Key Performance Indicators (KPI's) that are reliable, well-defined, verifiable, cost-effective;
- Appropriate and Relevant;
- The developing and setting of targets that comply with the SMART principle by being Specific;
- Measurable, achievable, relevant as well as being time-bound;
- Stronger / clear linkage between IDP, Budget, SDBIP and Annual Report;
- Regular reporting on organisational performance, to assist in the monitoring of performance and to identify instances where corrective actions may be needed;
- The review and expansion of organisational macro and micro-structures and the filling of key posts to implement projects and programmes.

On a strategic level the overall performance of the Municipality is managed and evaluated by a municipal scorecard (Top-Level SDBIP) for the organisation. While on an operational level,

performance is monitored via the Departmental Service Delivery Budget Implementation Plan (SDBIP) throughout the various department in the Municipality.

### TOP-LAYER SERVICE DELIVERY AND BUDGET IMPLEMENTATION (SDBIP) SCORECARD: 2016/2017:

The following is the Top-Level SDBIP scorecard for the 2016/2017 financial year:

KEY:									
B	Extremely well met	G2	Very well met	G	Met	O	Almost met	R	Not met

#### Municipal Manager

Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
TL1	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Effective functioning of council measured in terms of the number of ordinary council meetings per annum	Number of ordinary council meetings per annum	10	A total of 10 Ordinary Council meetings held for the 2015-2016 financial year	10	10	G	A total of 10 Ordinary Council meetings held for the 2016-2017 financial year	Target achieved
TL2	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Effective functioning of the committee system measured by the number of committee meetings per committee per annum	Number of sec 80 committee meetings per committee per annum	10	A total of 10 Section 80 committee meetings held of the 2015-2016 financial year	8	8	G	A total of 8 Section 80 committee meetings held for the 2016-2017	Target achieved
TL3	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved	Top Layer SDBIP approved within 28 days after the Main Budget has been approved	1	The SDBIP approved by Mayor within required timeframe	1	1	G	The SDBIP was approved on 26 June 2017, within time frame	Target achieved
TL4	To promote an efficient and financial	IDP reviewed and approved by Council	IDP approved by the end of June annually	1	The IDP review was	1	1	G	IDP approved by Council	Target achieved

### Municipal Manager

Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
	viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	before the end of June			approved by Council on 30 May 2016					
TL5	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Ensuring performance by the timeous development and signing of the Section 57 performance agreements in adherence to the Performance Framework	Number of signed performance agreements of Section 57 managers within 14 days of approval of the SDBIP	6	Performance agreements signed and completed for all Section 57 employees	6	6	G	Performance agreements completed and signed for all Section 57 employees	Target achieved
TL6	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Evaluate the performance of Section 57 managers in terms of their signed agreements	Number of formal evaluations completed per Section 57 employee	2	Two formal evaluations done for Section 57 employees	2	2	G	Two formal evaluation done for Section 57 employees for 2016-2017	Target achieved
TL7	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Risk based audit plan approved by Audit Committee for 2017  [2015-2016: Risk based audit plan approved by Audit Committee for 2016]	Risk based audit plan approved by February 2017  [2015-2016: Risk based audit plan approved by February 2016]	1	Audit plan approved by the Audit Committee	1	1	G	Audit plan approved by the Audit Committee	Target achieved
TL8	To ensure the maximisation of community	Functional performance audit committee measured	Number of meetings	2	Four (4) meeting held for the 2015-	2	4	B	Four (4) meetings held for the 2016-2017 financial year	Target achieved



### Municipal Manager

Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
	involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	by means of meetings where committee dealt with performance reports			2016 financial year					
TL9	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	The % of the Municipality's capital budget spent on capital Project identified in the IDP, measured as the Total Actual Year to Date (YTD) Capital Expenditure/ Total Approved Capital Budget x 100	The percentage (%) of a municipality's capital budget spent on capital Project identified in the IDP for the 2016/17 financial year	90%	91.32% of budget spent.	90%	95%	G2	95% of budget spent	Target achieved
TL10	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Operational conditional grant spending measured by the percentage (%) spent	Percentage (%) of the grant spent i.t.o. budget allocations	95%	86.47% of budget spent	95%	80.4%	O	80.4% of operational conditional grants spent to date	Application for roll-overs have been submitted.
TL11	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Capital conditional grant spending measured by the percentage (%) spent	Percentage (%) of the grant spent i.t.o Budget allocations	95%	85.51% of budget spent	95%	84.1%	O	84.1% of capital conditional grants spent to date	Application for roll-overs have been submitted.
TL12	To ensure the maximisation of community involvement in all municipal processes through an effective	Submit final Annual Report and oversight report of council before legislative deadline	Final Annual Report and oversight report of council completed and submitted	1	The Final Annual Report and Oversight Report was submitted	1	1	G	The Final Annual Report and Oversight Report was submitted to Council on 23 January 2017, well before deadline.	Target achieved

Municipal Manager										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
	governance structures and open and transparent communication to all Stakeholders				before deadline					
TL13	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Review and prioritisation of risk register	Reviewed and prioritised risk register	1	Risk register reviewed	1	1	G	Risk register reviewed	Target achieved
TL14	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	Compliance with all the relevant legislation tested annually	Zero (0) findings in the Auditor General's report on non-compliance with laws and regulations	0	Zero findings in 2014-2015 on non-compliance with laws and regulations	0	0	G	Zero (0) findings in the 2016-2017 financial year on non-compliance with laws and regulations	Target achieved

Financial Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
TL15	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Financial statements submitted by 31 August	Financial statements submitted to Auditor General	1	Annual Financial Statement submitted by deadline	1	1	G	Annual Financial Statements submitted	Target achieved
TL16	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	The main budget is approved by Council by the legislative deadline	Approval of Main Budget before the end of June annually	1	Main Budget was approved by Council by deadline	1	1	G	Budget approved on 31 May 2017	Target achieved
TL17	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	The adjustment budget is approved by Council by the legislative deadline	Approval of Adjustment Budget before the end of February annually	1	Adjustment Budget approved by Council	1	1	G	Adjustment Budget approved	Target achieved
TL18	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Maintain a Year to Date (YTD) debtor's payment percentage of 95% (excluding traffic services)  [2015-2016: Maintain a Year to Date (YTD) debtor's payment percentage of 94.5% (excluding traffic services)]	Payment percentage (%) of debtors over 12 months rolling period  [2015-2016: Payment percentage (%) of debtors over 12 months rolling period]	96	Payment % for the year to date 96.05%	95%	99.3%	G2	Maintained a Year to Date (YTD) debtor's payment percentage of 99.3% (excluding traffic services)	Target achieved
TL19	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Financial Viability measured in terms of Cost coverage ratio for 2015/2016 financial year  [2015-2016: Financial Viability measured in terms of Cost coverage ratio for	Cost coverage ratio calculated as follows: (Available cash at particular time + investments)/ Monthly fixed operating expenditure  [2015-2016: Cost coverage ratio	4.4	Cost coverage ratio of 6.8	4.4	6.7	B	Cost coverage Ratio of 6.7	Target achieved

Financial Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
		2014/2015 financial year]	calculated as follows: (Available cash at particular time + investments)/ Monthly fixed operating expenditure]							
TL20	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Financial Viability measured in terms of debt coverage ratio for 2015/2016 financial year  [2015-2016: Financial Viability measured in terms of debt coverage ratio for 2014/2015 financial year]	Debt coverage ratio calculated as follows: (Total revenue received - Total grants)/debt service payments due within the year)  [2015-2016: Debt coverage ratio calculated as follows: (Total revenue received - Total grants)/debt service payments due within the year]	117.7	Debt coverage ratio of 138	117.7	171.3	G2	Debt coverage Ratio of 171.3	Target achieved
TL21	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Compliance with GRAP to ensure effective capital asset management (PPE; Intangible; Investment Property, Biological and Heritage Asset)	Zero (0) findings in the external Audit report on non-compliance with GRAP	0	No findings regarding non-compliance with GRAP	0	0	G	No audit findings on non-compliance with GRAP	Target achieved
TL22	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Maintaining an acceptable Long Term Debt as a percentage of revenue as set out in the Long Term Financial Plan	Long Term Debt as percentage of revenue: Calculated as Calculated as Long Term Liabilities/Revenue x 100  [2015-2016: Long Term Debt as percentage of revenue: Calculated as Long term Liabilities/Revenue x 100]	20	Long Term Debt as percentage of revenue – 25.27%	20%	3.9%	B	Current ratio for long term debt.	Target achieved
TL23	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent	Sound financial management by maintaining an acceptable Acid Test Ratio	Acid Test Ratio: Calculated as Current Asset – Inventory/ Current Liabilities	2.5	Acid Test Ratio – 2.53	2.5	2.3	O	Acid ratio of 2.3	Ratio is below target, due to large payables at

Financial Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
	communication to all Stakeholders									year end. Due to late capital expenditure on Project. Project cashflow will be revised for new year.
TL24	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Maintain a financially unqualified audit opinion	Financial statements considered free from material misstatements as per Auditor General report	1	No misstatements on 2014-2015 Financial statements	1	1	G	Financial statements considered free from material misstatements	Target achieved

Corporate Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
TL25	To create an enable environment for economic growth in the tourism industry and uplifting communities	Implementation of the Local Economic Development and Tourism Strategy	Number of LED interventions  [2015-2016: Number of LED programmes implemented]	16	In the 2015-2016 financial year a total of 17 LED interventions were implemented	16	25	B	During 2016-2017 25 LED interventions was implemented	Target achieved
TL26	Improve employee skills levels in their respective positions to improve service delivery	The percentage (%) of the municipality's training budget spent, measured as Total Actual Training Expenditure/Approved Training Budget x 100	Percentage (%) of budget spent on scheduled training within the financial year	80%	100.84% of training budget spent for 2015-2016 financial year	80%	99.8%	G2	99.8% of training budget spent	Target achieved
TL27	Improve employee skills levels in their respective positions to improve service delivery	The percentage (%) of appointments made in the three highest levels of management which comply with the Employment Equity Plan, measured by Number of appointments in the three highest levels of management, which comply with the Employment Equity targets/ Total appointments made in three highest levels of management x 100.	The percentage (%) of appointments made in the three highest levels of management approved Employment Equity Plan	30%	For 2015-2016, 50% of appointments made was done in line with the Employment Equity plan.	30%	66.7%	B	During 2016-2017 66.7% of appointments was done in line with the Employment Equity plan	Target achieved
TL28	To create a healthy, safe and secure environment for the people of Mossel Bay	Monitor the implementation of programs and awareness initiatives held for vulnerable groups in terms of social welfare & poverty alleviation, youth development, Disability and Gender, HIV/ AIDS, the Elderly and Culture	Number of programs conducted for designated vulnerable groups  [2015-2016: Number of programmes conducted for designate vulnerable groups]	80	A total of 103 awareness initiatives conducted for all vulnerable groups	80	111	G2	During 2016-2017 111 programs held for vulnerable groups	Target achieved

Corporate Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
		<b>[2015-2016:</b> <i>Monitor the implementation of programmes and awareness initiatives held for vulnerable groups in terms of social welfare &amp; poverty alleviation, youth development, Disability and Gender, HIV/ AIDS, the Elderly and Culture]</i>								
TL29	To create an enable environment for economic growth in the tourism industry and uplifting communities	The review of the Local Economic Development (LED) and Tourism Strategy	Reviewed Local Economic Development (LED) and Tourism Strategy	New	New KPI	1	1	G	LED and Tourism Strategy approved by Council	Target achieved
TL30	To create an enable environment for economic growth in the tourism industry and uplifting communities	The number of temporary jobs created through the municipality's local economic development EPWP Project, measured by the number of people temporary employed in the EPWP programmes for the period.	Number of people temporary employed in the EPWP programs.  <b>[2015-2016:</b> <i>Number of people temporary employed in the EPWP programmes]</i>	500	A total of 514 temporary jobs opportunities was created in the 2015-2016 financial year	500	794	B	In total 794 work opportunities was created during 2016-2017	Target achieved
TL31	To ensure the maximisation of community involvement in all municipal processes through an effective governance structures and open and transparent communication to all Stakeholders	No findings raised on audit of Predetermined Objectives	Zero (0) material findings in the Auditor General's audit report on Predetermined Objectives	0	No material findings on Predetermined Objectives	0	0	G	No material findings on Predetermined Objectives	Target achieved

Community Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
TL32	To maintain and develop new sport and recreational facilities and amenities that are accessible by all people of Mossel Bay	Sports fields are maintained measured by the percentage (%) of the maintenance budget spent	Percentage (%) of Sport maintenance budget spent	95	91.03% of maintenance budget spent	90%	99.4%	G2	99.4% of maintenance budget spent	Target achieved
TL33	To manage land use in the Mossel Bay Municipal area	Effective maintenance of refuse removal Asset i.t.o approved budget	Percentage (%) of waste management maintenance budget spent	95	97.24% of maintenance budget spent	90%	101.1%	G2	101.1% of maintenance budget spent	Target achieved
TL34	To provide an efficient, safe, prompt and economical public protection, firefighting and rescue service that are in line with the risks and needs of the community	Annual Review of the Disaster Management Plan by end November	Plan completed and submitted to Council	1	The Disaster Management Plan was approved by Council before deadline	1	1	G	Revised plan was submitted to Council on 24 November 2016	Target achieved
TL35	To facilitate economic development and an investor friendly environment for job creation and an attractive CBD area with a well-developed port / waterfront area	Drafting of a Business License Policy	Submission of a Draft to Council by June 2017	New	New KPI	1	1	G	Was approved by Council on 29 June 2017	Target achieved
TL36	To provide traffic law enforcement services on all municipal roads to minimise the accident rate	Effective Management of Community Safety Department measured by percentage (%) of Capital Budget spent	Percentage (%) of approved capital budget spent for Community Safety department	New	New KPI	95%	98.1%	G2	98,1% of Capital budget spent of Community Safety department	Target achieved
TL37	To create a healthy, safe and secure environment for the people of Mossel Bay	Effective Management of Library department measured by percentage (%) of Capital Budget spent	Percentage (%) of approved capital budget spent for Library department	New	New KPI	95%	96.4%	G2	96,4% of Capital budget spent of Library department	Target achieved
TL38	To provide an efficient, safe, prompt and economical public protection, firefighting and rescue service that are in line with the	Effective Management of Fire Service measured by percentage (%) of Capital Budget spent	Percentage (%) of approved capital budget spent for Fire Services department	New	New KPI	95%	98%	G2	98% of Capital budget spent of Fire Services department	Target achieved



Community Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
	risks and needs of the community									
TL39	To manage land use in the Mossel Bay Municipal area	Provision of free basic refuse removal and solid waste disposal to registered indigent account holders in the Mossel Bay area	Number of indigent account holders receiving free basic refuse removal monthly	6100	11 251 indigent households receiving free basic refuse removal	11,000	11,371	G2	Provision of free basic refuse removal and solid waste disposal to 11 371 registered indigent account holders in the Mossel Bay area.	Target achieved
TL40	To manage land use in the Mossel Bay Municipal area	Provision of refuse removal and solid waste disposal to all residential account holders in the Mossel Bay area	Number of formal residential properties for which refuse is removed at least once a week	31000	33 635 Residential households received refuse removal	32,000	33,578	G2	Provision of refuse removal and solid waste disposal to 33 578 residential account holders in the Mossel Bay area	Target achieved

Planning and Integrated Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
TL41	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Provision of new valuation role for implementation 1st July 2017	Provision of new valuation role by 30 June 2017	New	New KPI	1	1	G	Completed, and submitted for implementation on 1st July 2017	Target achieved
TL42	To promote an efficient and financial viable organisation through an effective governance structure and open and transparent communication to all Stakeholders	Finalisation of the Draft Scheme Regulation By-law	Draft Scheme Regulation By-Law submitted to Council	New	New KPI	1	1	G	Completed	Target achieved
TL43	To maintain and upgrade municipal Asset and equipment required for service delivery	The maintenance of the Municipal Buildings measured by the percentage (%) of budget spent of the approved budget for Municipal Buildings and Land	Percentage (%) spent of maintenance budget as per approved budget for Municipal Buildings and Land	90	Above target	90%	92.6%	G2	Above target	Target achieved
TL44	To provide a public transport and services road infrastructure to the community of Mossel Bay and its tourist	Municipal roads capital spending measured by the percentage (%) of budget spent	Percentage (%) spent of approved roads capital Project as approved budget	90	105.77% of budget spent	90%	97.8%	G2	Above target	Target achieved

Technical Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
TL45	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Electricity capital spending measured by the percentage (%) of budget spent	Percentage (%) spent of approved electricity capital Project	90	106.09% of approved budget spent. Budget: R22 562 876 Expenditure: R23 937 540	90%	100.9%	G2	100.9% of capital budget spent	Target achieved
TL46	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Effective management of electricity provisioning systems evaluated i.t.o. electricity losses	Percentage (%) of electricity losses calculated on a twelve-month rolling period as kWh sold/kWh purchased	10	9.53% of electricity losses calculated over a twelve-month period	10%	9.0%	B	9% of electricity losses calculated over a twelve-month period	Target achieved
TL47	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Effective management of water provisioning systems to minimise water losses by implementing measures to reduce water losses	Percentage (%) water losses calculated on a twelve-month rolling period as KL billed/KL used	15	The percentage (%) of water losses for the 2015-2016 financial year	16%	18.4%	R	18,4% of water losses calculated on a twelve-month rolling period	Measures will be taken to reduce losses, the replacement old water meters
TL48	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Excellent water quality measured by the quality of water as per SANS 241 criteria	Percentage (%) water quality level as per blue drop project as measured annually	95	Water quality as per SANS 241	95%	98%	G2	Water quality as per SANS 241	Target achieved
TL49	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Waste water capital spending measured by the percentage (%) of budget spent	Percentage (%) spent of approved budget of sanitation capital Project as per approved budget	90	As per finance report. Expenditure: R19 101 745 Budget: R19 714 730	90%	90.1%	G2	90.1% of capital budget spent	Target achieved
TL50	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Water capital spending measured by the percentage (%) of budget spent	Percentage (%) spent of approved water capital Project as per approved budget	90	As per finance report	90%	94%	G2	94% of capital budget spent	Target achieved

Technical Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
TL51	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of free basic electricity to indigent account holders connected to the municipal electrical infrastructure network	Number of indigent account holders receiving free basic electricity which are connected to the municipal electrical infrastructure network	6100	11 668 indigent account holders receiving free basic electricity	10,000	12,337	G2	Provision of free basic electricity to 12 337 indigent account holders connected to the municipal electrical infrastructure network	Target achieved
TL52	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of electricity to formal residential properties connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering	Number of formal residential properties connected to the municipal electrical infrastructure network	29000	31 505 formal residential properties connected	31,000	31,411	G2	Provision of electricity to 31 411 formal residential properties connected to the municipal electrical infrastructure network for both credit and prepaid electrical metering	Target achieved
TL53	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of electricity to informal residential properties in the designated informal areas which are connected to the municipal electrical infrastructure network for prepaid electrical metering	Number of residential pre-paid meters registered on the Promun Financial system in the designated informal areas that meet agreed service standards	550	1 322 informal households are connected to the electrical infrastructure network for prepaid electricity	550	1,842	B	Provision of electricity to 1 842 informal residential properties in the designated informal areas which are connected to the municipal electrical infrastructure network for prepaid electrical metering	Target achieved
TL54	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of free basic sanitation services to indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets)	Number of indigent account holders receiving free basic sanitation in terms of Equitable share requirements.	10000	10 504 indigents receive sanitation services	10,000	10,975	G2	Free basic sanitation services to 10 975 indigent account holders which are connected to the municipal waste water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets)	Target achieved
TL55	To create an environment for offering basic services to all communities in	Provision of sanitation services to residential properties which are connected to the municipal waste water	Number of residential properties which are billed for sewerage in accordance with the	26000	27 517 households are connected to	27,000	28,189	G2	Provision of sanitation services to 28 189 residential properties which are connected to the municipal waste	Target achieved

Technical Services										
Ref	Strategic Objective	KPI	Unit of Measurement	Baseline	Performance 2015-2016	Performance 2016-2017				
						Target	Actual	R	Comments	Corrective Measures
	the Mossel Bay municipal area	(sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).	Promun financial system.		the sewerage network				water (sanitation/sewerage) network & are billed for sewerage service, irrespective of the number of water closets (toilets).	
TL56	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of clean piped water to indigent account holders which are connected to the municipal water infrastructure network	Number of indigent account holders receiving free basic water	6100	11 314 Indigent household receiving free basic water	11,000	11,450	G2	Provision of clean piped water to 11 450 indigent account holders which are connected to the municipal water infrastructure network	Target achieved
TL57	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of clean piped water to formal residential properties which are connected to the municipal water infrastructure network	Number of formal residential properties that meet agreed service standards for piped water	31500	33 338 household connected to water infrastructure	33,000	33,802	G2	Provision of clean piped water to 33 802 formal residential properties which are connected to the municipal water infrastructure network.	Target achieved
TL58	To create an environment for offering basic services to all communities in the Mossel Bay municipal area	Provision of clean piped water to informal areas by means of water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system  [2015-2016: Provision of clean piped water to informal areas by means of communal taps in informal areas which have a water meter attached, and are registered on the Promun financial system]	Number of water meters, measuring water to informal areas through communal taps	74	74 water meters providing water to communal taps	74	74	G	Provision of clean piped water to 74 informal areas by means of water stand pipes in informal areas which have a water meter attached, and are registered on the Promun financial system	Target achieved

## **CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)**

### **INTRODUCTION**

The Skills Development Act and Municipal Systems Act require employers to supply employees with the necessary training in order to develop its human resource capacity.

With the requirements of the Skills Development Act and Municipal Systems Act as motive the Human Resources Sub-Directorate strives to ensure, through effective policies and procedures, continuity of suitably trained staff in key posts and to ensure that someone is always available to fulfil any particular job in the municipal service, even in the event of illness, resignation or death. Training programmes and interventions are therefore undertaken on a regular and in an orderly way as planned in the Workplace Skills Plan.

Staff are assisted and equipped by means of training programmes and interventions to meet their performance goals that are aligned with the goals of the overall department and the organisation.

### **COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL**

#### **4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES**

##### **EMPLOYEE TOTALS, TURNOVER AND VACANCIES**

For the Municipality to be successful in reaching its objectives, render services as required in the community and maintain a knowledgeable and skilful workforce, it is important to operate according to a sound and transparent staffing policy. It is also important for the Municipality to staff its establishment with the best available employees for particular posts.

The Staffing Policy, which regulates all appointments and transfers in the Municipality, is revised on a regular basis to stay aligned with legislative requirements and amendments and forms the pillar of all appointments.

The principle of sound labour relations and employment equity forms an indispensable part of this process. This process of recruitment and selection enable the Municipality to recruit suitable candidates to appoint in specific posts to deliver the required services to the community and to help developing the municipal area and its residents optimally.

## RECRUITMENT CATEGORIES AND NUMBERS: 1 JULY 2016 TO 30 JUNE 2017

Recruitment according to occupational levels for the period 1 July 2016 to 30 June 2017 (including persons with disabilities):

OCCUPATIONAL LEVELS	DESIGNATED							NON-DESIGNATED			TOTAL
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male	Female	
Top Management	0	0	0	0	0	0	1	1	0	0	2
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally Qualified and Experienced Specialists and Mid-Management	0	0	0	0	1	0	0	0	0	0	1
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors. Foremen.and Superintendents	4	3	1	4	1	0	1	3			17
Semi-skilled and Discretionary Decision-making	1	2	0	3	7	0	1	0			14
Unskilled and Defined Decision-Making	6	23	0	1	3	0	0	2			35
TOTAL	11	28	1	8	12	0	3	6			69

Appointments for the periods 1 July 2016 to 30 June 2017 and 1 July 2015 to 30 June 2016 were both 69. Contractual appointments do not form part of these statistics.

## PROMOTIONS

Promotions according to occupational levels for the period 1 July 2016 to 30 June 2017 (including people with disabilities):

TOTAL NUMBER OF PROMOTIONS INTO EACH OCCUPATIONAL LEVEL, INCLUDING PEOPLE WITH DISABILITIES									
Occupational Level	Males				Females				Total
	A	C	I	W	A	C	I	W	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	1	0	2	0	1	0	0	4
Professionally Qualified and Experienced Specialists and Middle Management	0	0	0	0	0	0	0	0	0
Skilled Technical and Academically Qualified Workers,	5	11	0	3	1	0	0	1	21

TOTAL NUMBER OF PROMOTIONS INTO EACH OCCUPATIONAL LEVEL, INCLUDING PEOPLE WITH DISABILITIES									
Occupational Level	Males				Females				Total
	A	C	I	W	A	C	I	W	
Junior Management, Supervisors, Foremen and Superintendents									
Semi-Skilled and Discretionary Decision Making	1	4	0	1	0	0	0	1	7
Unskilled and Defined Decision Making	1	5	0	0	0	0	0	0	6
Total Permanent Employees	7	21	0	6	1	1	0	2	38
* NOTE: A = AFRICANS, C = COLOURED, I = INDIAN, W = WHITE									

For the period 1 July 2016 to 30 June 2017 a total of 38 employees were promoted against a total of 20 for the previous reporting period from 1 July 2015 to 30 June 2016. Promotion of internal staff to higher positions is the result of effective and efficient capacitating and development of internal staff by the Municipality.

For the past year's student and Interns were taken in on a contractual basis and trained in various departments through the Municipality. After a period of service of six months, these employees are regarded as internal staff and can compete with internal staff for appointment in vacant positions on condition that they meet all the requirements of posts advertised. The municipality has a high rate of success with these student as they are trained in a number of areas and disciplines in the municipality during their training period.

The practical or in-service training which these Interns/student receive also equip them to be in a position where they possess the required skills, knowledge and experience to apply for permanent or more senior positions.

## TERMINATIONS

Terminations according to occupational levels for the period 1 July 2016 to 30 June 2017 (including people with disabilities):

TOTAL NUMBER OF TERMINATIONS PER OCCUPATIONAL LEVEL, INCLUDING PEOPLE WITH DISABILITIES									
Occupational Level	Males				Females				Total
	A	C	I	W	A	C	I	W	
Top Management	0	0	0	0	0	0	0	1	1
Senior Management	0	0	0	0	0	0	0	2	2
Professionally Qualified And Experienced	0	0	0	0	0	1	0	0	1



TOTAL NUMBER OF TERMINATIONS PER OCCUPATIONAL LEVEL, INCLUDING PEOPLE WITH DISABILITIES									
Occupational Level	Males				Females				Total
	A	C	I	W	A	C	I	W	
Specialists And Middle Management									
Skilled Technical And Academically Qualified Workers, Junior Management, Supervisors, Foremen And Superintendents	6	6	0	4	1	2	0	2	21
Semi-Skilled And Discretionary Decision Making	1	1	0	2	0	6	0	0	10
Unskilled And Defined Decision Making	10	10	0	0	1	1	0	0	22
Total Permanent Employees	17	17	0	6	2	10	0	5	57
NOTE: A = AFRICANS, C = COLOURED, I = INDIAN, W = WHITE									

For the period 1 July 2015 to 30 June 2016 the services of 60 employees were terminated compared to 57 for the period 1 July 2016 to 30 June 2017.

#### NUMBER OF TERMINATIONS PER TERMINATION CATEGORY:

TERMINATION CATEGORY	NUMBER OF TERMINATIONS
Resignation	20
Non-Renewal of Contract	0
Retrenchment – Operational Requirement	0
Dismissal Due to Misconduct	6
Dismissal Due to Incapacity	16
Retirement	13
Death	2
Total	57

#### PERSONS WITH DISABILITIES

The rights of people with disabilities are protected in the Constitution and by using the Constitution as a foundation and the Employment Equity Act, there is a responsibility on the municipality to attempt to employ people with disabilities.

A total of nine people with disabilities are employed by the municipality as on 30 June 2017.

Occupational Level	TOTAL NUMBER OF PEOPLE WITH DISABILITIES								Total
	Males				Females				
	A	C	I	W	A	C	I	W	
Top Management	0	0	0	1	0	0	0	0	1
Senior Management	0	0	0	0	0	0	0	0	0
Professionally Qualified And Experienced Specialists And Middle Management	0	0	0	0	0	0	0	0	0
Skilled Technical And Academically Qualified Workers, Junior Management, Supervisors, Foremen And Superintendents	0	0	0	2	0	0	0	0	2
Semi-Skilled And Discretionary Decision Making	1	1	0	1	0	0	0	0	3
Unskilled And Defined Decision Making	1	1	0	1	0	0	0	0	3
Total Permanent Employees	2	2	0	5	0	0	0	0	9
NOTE: A = AFRICANS, C = COLOURED, I = INDIAN, W =WHITE									

#### WORKFORCE PROFILE (TOTAL NUMBER OF EMPLOYEES)

TOTAL NUMBER OF EMPLOYEES PER OCCUPATIONAL LEVEL, INCLUDING PEOPLE WITH DISABILITIES									
Occupational Level	Males				Females				Total
	A	C	I	W	A	C	I	W	
Top Management	0	2	1	3	0	0	0	1	7
Senior Management	2	4	0	16	0	1	0	2	25
Professionally Qualified And Experienced Specialists And Middle Management	1	1	0	8	3	2	1	12	28
Skilled Technical And Academically Qualified Workers, Junior Management, Supervisors, Foremen And Superintendents	46	93	2	63	16	32	0	19	271
Semi-Skilled And Discretionary Decision Making	22	41	1	12	21	56	0	25	178
Unskilled And Defined Decision Making	112	205	0	20	14	23	0	1	375
Total Permanent Employees	183	346	4	122	54	114	1	60	883
NOTE: A = AFRICANS, C = COLOURED, I = INDIAN, W = WHITE									

The workforce profile excludes contractual appointments, students and interns. For the previous reporting period a total workforce of 866 was reported.

## STAFF ESTABLISHMENT

An organogram (staff establishment) is a structure which indicates the different functions within a municipality. It is therefore important, and required by legislation, that the Municipality revises its staff establishment annually.

When a macro- and microstructure is compiled for an organisation, it is done with specific needs as well as budgetary constraints taken into consideration. Although future needs are taken into consideration, the budget limitations determine the number of vacant and new Posts to be filled during a financial year.

The macrostructure consists of the following functions:

1. Office of the Municipal Manager
2. Directorate Financial Services
3. Directorate Corporate Services
4. Directorate Community Services
5. Directorate Technical Services
6. Directorate Planning & Integrated Services
7. Executive Official Strategic Services (created on 1 June 2017)

The microstructure is revised on an annual basis to ensure effective and efficient service delivery.

It remains a challenge to fill vacant technical posts and posts which require certain scarce skills such as technicians, process controllers, building inspectors, artisans, etc. with suitably qualified candidates from designated and under-represented groups as defined in the Employment Equity Act despite efforts that are made to reach the targets as set out in the Employment Equity Plan.

Because of the lower salary scales of the TASK grading system, compared to the previous salary system used, attracting suitably qualified and competent candidates to fill vacant Posts, is quite a challenge. To counter this salary scales, and in an attempt to retain qualified and competent staff, the Scarce Skills Policy is utilised to retain employees with skills.

The Rapid Promotion Scheme for Process Controllers also provides for internal staff to be promoted to higher posts if the employee possesses the required qualification and classification and if the posts are on the approved organogram and the post is budgeted for.

This policy is also a tool to encourage internal staff to develop themselves to the benefit of the employee as well as the employer.

The vacancy rate for the 2016/2017 reporting period is 3%.

Details	Total Appointments as of beginning of Financial Year No.	Turnover Rate	
		Terminations during the Financial Year No.	Turn-over Rate*
2014/2015	113	60	7%
2015/2016	**191	60	7%
2016/2017	**107	57	6,5%
** includes recruitments and promotion			

#### COMMENT ON VACANCIES AND TURNOVER

A high turnover rate may be costly to a municipality and may have a negative impact on its performance and service delivery. The table above shows that the turnover rate in the Municipality for the current and previous years.

The turnover rate for the past two reporting periods remained relatively constant with a turnover rate of 6,5% for 2016/2017. A high employee turnover rate, which refers to the number or percentage of employees who leave the Municipality and are replaced by new employees, is an expensive problem. It costs money to recruit and train each new employee.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

It is hardly possible to maintain a high level of service delivery and adhering to the duties imposed by the Constitution and Batho Pele Principles on public servants, if sound discipline in the workplace is not maintained. The Municipality takes pride in its commitment to ensure sound discipline in order to deliver the best quality of service to the community.

The main objective of the staffing policy is to recruit suitable candidates in specific posts in order to deliver the required services to the community, and to help developing the municipal area and its residents optimally, embodies various actions as part of a holistic process.

Advertisements, recruitment, selection, promotions and transfers all form part of staffing. management, line managers, human resources, council and trade unions are involved in the entire process and the policy endeavours to enable such role players to perform their allotted responsibilities as effectively and efficiently as possible.

Apart from managing discipline from an urgency and fairness perspective, employees are regularly informed by means of meetings, newsletters, pamphlets included in pay slips as well as informal training through workshops. Annual workshops regarding approved policies and procedures are conducted with all employees to ensure that they are informed of the stipulations and amendments of approved policies.

Managers are also regularly informed and advised of trends and equipped with knowledge to manage poor discipline. Continuous action is taken to reduce the high level of sick leave. Regular incapacity investigations are held, if an above-average sick leave use is identified, to detect possible sick leave abuse and/or to identify cases which qualify for medical boarding.

The procedure as prescribed in the Labour Relations Act and Employment Equity Act is followed to ensure compliance with said legislation.

#### 4.2 POLICIES

HR Policies and Plans		
	Name of Policy	Date adopted by Council or comment on failure to adopt
1	Staffing Policy	Approved by Council
2	Employee Assistance Policy	Approved by Council
3	Occupational Health and Safety	Approved by Council
4	Scarce Skills Policy	Approved by Council
5	Leave Policy	Approved by Council

HR Policies and Plans		
	Name of Policy	Date adopted by Council or comment on failure to adopt
6	Travel and Subsistence	Approved by Council
7	Smoking Policy	Approved by Council
8	Dress Code	Approved by Council
9	Private Work	Approved by Council
10	Grievance Procedure	Approved by Council
11	Overtime Policy	Approved by Council
12	Organisational Rights Agreement	Approved by Council
13	Induction Programme	Approved by Council
14	Relocation Expenses Agreement	Approved by Council
15	Acting Allowance Policy	Approved by Council
16	Catering Policy	Approved by Council
17	Employee Study-Aid Policy	Approved by Council
18	External Study Bursary Policy	Approved by Council
19	Farewell Policy	Approved by Council
20	Gift Policy	Approved by Council
21	Membership and Registration of Dependants on Medical Aid Policy	Approved by Council
22	Payment of Professional Registration Fees	Approved by Council
23	Strike Contingency Plan and Picketing Rules	Approved by Council
24	Unauthorised Absence and Abscondment Policy	Approved by Council
25	Retirement Policy	Approved by Council
26	Recognition of Long Service Policy	Approved by Council
27	Skills Development Policy	Approved by Council
28	Rapid Promotion Scheme for Process Controllers	Approved by Council
29	Performance Management Policy	Approved by Council
30	Reward and Recognition Policy	Approved by Council

#### COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Policies and Plans provide guidance for fair and consistent staff treatment and a consistent approach towards the management of staff. Policies are not static documents and have to be reviewed regularly. HR Policies are reviewed on an annual or need basis

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

During the year under review there were various Occupational Health and Safety-related training interventions conducted in order to capacitate duly appointed occupational health and safety officials to fulfil their duties effective and efficiently. The training interventions done in this financial year with the number of incumbents can be listed as follows:

OHS FOCUSED TRAINING 2016/2017	
First-aid Level 1-3	18
Safety, Health & Environmental Representative Functions	8
Safety, Health & Environmental Representative Awareness	25

OHS FOCUSED TRAINING 2016/2017	
Transporting of Dangerous & Hazardous Goods	6
Aerial Platform Operations	26
Truck Mounted Crane	23
Basic Application of Herbicides	10
Power Tool Operator & Safe Use of Hand Tools	15
Total	131

Monthly health and safety committee meetings remain a standing item to establish a good standard of eliminating unsafe acts and conditions and maintain the injury rate as low as reasonably practicable and to monitor the rectification of outstanding Occupational Health and Safety matters. Toolbox talks are conducted on a monthly basis to ensure that workers stay focused on a healthy and safe workplace and to improve the culture in terms of everyone's responsibility towards health and safety in the workplace.

Induction training on the Occupational Health Safety Policy is conducted monthly for all new employees appointed to ensure everyone has a broad understanding of health and safety in the workplace and to make them aware of the dangers associated with the various occupations within the organisation as well as to clarify the responsibility towards safety in the workplace by both employer and employee.

Incident investigations are now conducted by the OHS Officer to exhibit extensive training, knowledge and experience in conducting investigations and therefore it is important to value the findings and recommendations thereof in order to eliminate or mitigate hazards in the workplace. Injuries on duty are investigated by Occupational Health Practitioners to ensure that thorough investigations are done and the necessary information furnished to the Compensation Commissioner.

The Occupational Health & Safety Officer assists Safety Health and Environmental Representatives with their monthly inspections. This is to ensure that proper and qualitative inspections are done by the SHE Representatives for their respective departments and that all unsafe conditions and acts are reported and addressed. Injuries reported to the Compensation Commissioner indicated an increase for the year due to referrals of first-aid cases for medical attention of Occupational Health Service providers and comparative year-on-year statistics can be viewed below:

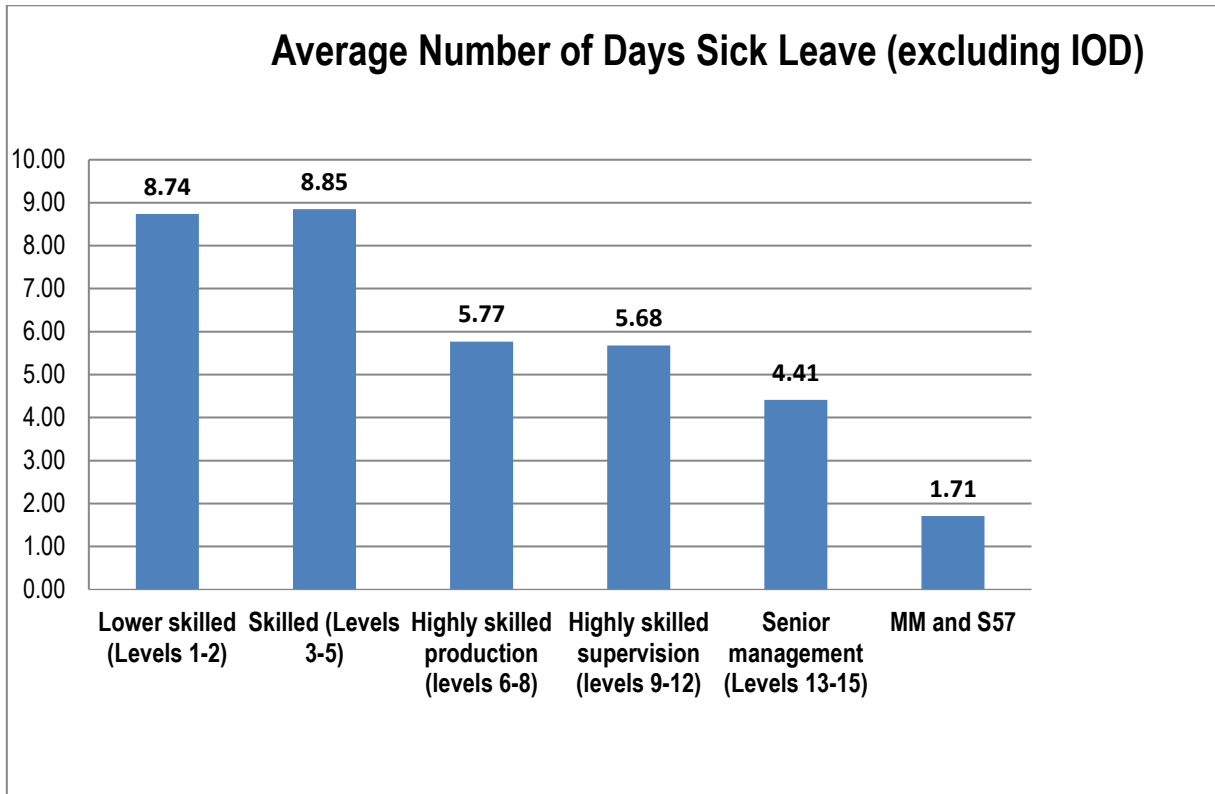
INJURIES REPORTED TO THE COMPENSATION COMMISSIONER			
MONTH	2014 – 2015	2015 – 2016	2016 – 2017
July	6	3	6
August	5	7	11
September	3	6	11
October	7	14	11
November	3	6	5
December	4	8	7

INJURIES REPORTED TO THE COMPENSATION COMMISSIONER			
MONTH	2014 – 2015	2015 – 2016	2016 – 2017
January	5	3	7
February	12	7	4
March	10	8	10
April	7	11	10
May	7	2	12
June	6	6	17
<b>Total Injuries</b>	<b>75</b>	<b>81</b>	<b>110</b>

Type of injury	Number and Cost of Injuries on Duty		Proportion employees using sick leave %	Average Injury Leave per employee Days
	Injury Leave Taken Days	Employees using injury leave No.		
Required basic medical attention only	154	87	56%	1
Temporary total disablement	118	23	19%	5
<b>Total</b>	<b>272</b>	<b>110</b>	<b>40%</b>	<b>7</b>

Number of days and Cost of Sick Leave (excluding injuries on duty)					
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post	Average sick leave per Employees
	Days	%	No.	No.	Days
Lower skilled (Levels 1-2)	1102	15%	75	126	8.74
Skilled (Levels 3-5)	2206	36%	249	449	8.85
Highly skilled production (levels 6-8)	1565	19%	178	271	5.77
Highly skilled supervision (levels 9-12)	966	25%	190	170	5.68
Senior management (Levels 13-15)	234	38%	33	53	4.41
MM and S57	12	33%	2	7	1.71
<b>Total</b>	<b>6085</b>	<b>28%</b>	<b>727</b>	<b>1076</b>	<b>5.66</b>





**COMMENT SICK LEAVE:**

Sick leave is monitored on a continuous basis by monitoring employees who take more than 12 days' sick leave during a 12-month or shorter cycle. If needed, incapacity consultations are conducted with these employees to determine the cause of the above-average sick leave-usage. During these investigations and consultation, employees who need to be disciplined for sick leave-abuse are identified. Where employees encounter health challenges or a possible incapacity arises, these employees are referred to an Occupational Health Practitioner for a complete medical evaluation, to determine the way forward.

Even though sick leave is monitored on a regular and continuous basis, the number of employees using sick leave increased from 485 to 727 for the period ending 30 June 2017. The total days sick leave taken increased from 4248 to 6314.

New employees are inducted monthly to ensure that they are fully aware of the sick leave benefit and how it should be used. HR ensures that absenteeism management takes place and that any sick leave abuse is dealt with accordingly.

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
No suspensions as precautionary action for reporting period.				

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
No disciplinary action taken on cases of financial misconduct during reporting period.			

**COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:**

The Labour Relations Section plays a key role in the implementation and maintenance of sound discipline by thoroughly and speedily investigating all allegations of misconduct. The objective of the Labour Relations Section in the Human Resources Sub-Directorate is to always comply with section 1(d) (iv) of the Labour Relations Act, No 66 of 1995, which requires that disputes are resolved quickly and effectively.

Strict action is taken to enforce the standards of discipline and service delivery that are endorsed by the Constitution of the Republic of South Africa, Act 108 of 1996, on all public entities. Consistency and fairness form the cornerstone of each and every disciplinary action taken and the guidelines set in the items contained in Schedule 8 of the Labour Relations Act (Code of Good Practice) are followed at all times. This Municipality has a zero-tolerance attitude towards dishonesty-related offences such as corruption, fraud, theft and unauthorised possession of the employer's property. In line with this zero-tolerance policy, all employees who committed dishonesty-related misconduct such as fraud, corruption, falsification of records and finance-related offences were dismissed.

## **COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

### **INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

Section 68 (1) of The Local Government: Municipal Systems Act No. 32 of 2000 requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

For this purpose, the human resource capacity of a municipality must comply with the Skills Development Act and the Skills Development Levies Act.

Capacity Development and Human Capital retention is one of the areas where this Municipality is focussed to align itself with the national key performance area “Municipal Transformation and Institutional Development by building positive human resource relationships.

The Acts that regulate skills development and training seek to attain a skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path. They include the Skills Development Act, No 97 of 1998, the Skills Development Levies Act, No 9 of 1999, the Employment Equity Act and the NQF Act in conjunction with the National Skills Development Strategy.

Challenges: Balancing the service delivery key performance of the organisation with personnel development poses a challenge to the operations of the Municipality as both are important but Service Delivery takes precedence because it is the mandate of the organisation.

Mossel Bay Municipality aims to build and secure commitment of senior managers as well as employees to have a clear understanding of skills need to be delivered on their objectives.

#### **4.4 SKILLS DEVELOPMENT AND TRAINING**

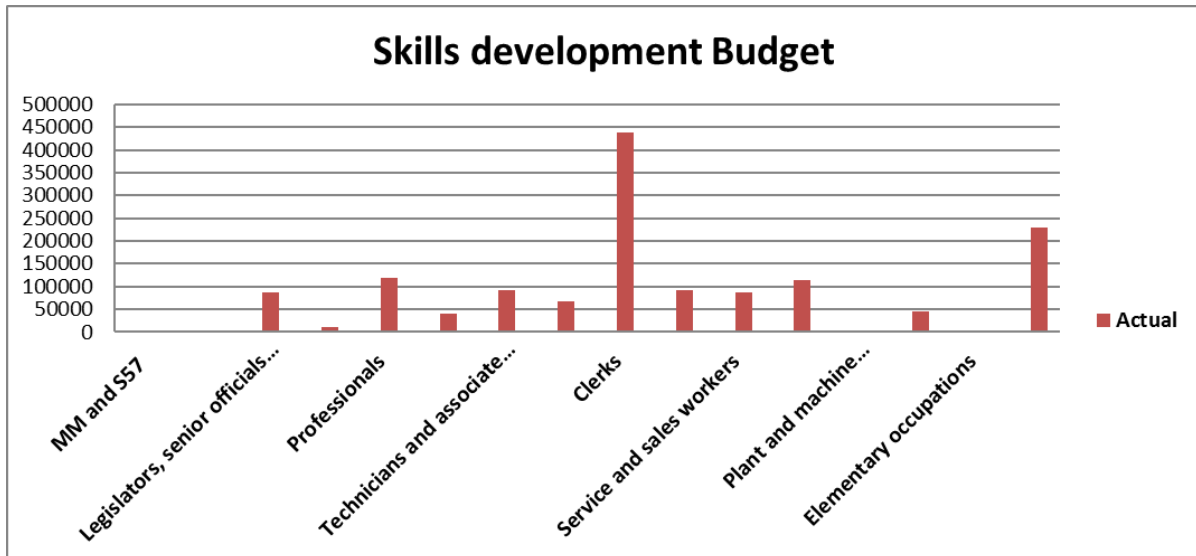
A talented and diverse workforce is key to delivering long-term sustainability and the success of the Municipality’s operations is dependent on attracting, developing and retaining a capable and motivated workforce.

The Municipality's employees are capacitated with the required competencies to meet the increasing demands of the citizens by focusing on development interventions considering the organisation's competence requirements, strategic needs and future deployment capabilities.

The municipality creates conditions for all employees to be developed by granting them an opportunity to discuss their training needs with their managers/supervisors and has to prioritise according to the level of importance for each training need identified with focus on 80%-service delivery (meeting IDP objectives) as well as 20% personnel development.

Skills Matrix									
Management level	Gender	Employees in post as at 30 June 2017	Number of skilled employees required and actual as at 30 June 2017						
			Learnerships		Skills programmes & other short courses		Other forms of training		
			Actual: End of 2016	Actual: End of 2017	Actual: End of 2016	Actual: End of 2017	Actual: End of 2016	Actual: End of 2017	2017 Target
MM and S57	Female	1	0	0	0	0	0	0	1
	Male	6	0	0	1	0	1	0	2
Councillors, Senior Officials and Managers	Female	17	2	1	0	10	0	9	3
	Male	45	2	0	11	8	4	16	4
Technicians and Associate Professionals	Female	10	0	1	6	2	0	0	2
	Male	56	1	1	26	12	0	0	9
Professionals	Female	44	10	6	13	6	2	0	6
	Male	25	3	0	7	0	1	0	2
Sub total	Female	72	12	8	19	0	2	0	12
	Male	132	6	1	45	0	6	0	17
Total		408	36	18	128	38	16	25	58

Skills Development Expenditure					
Management level	Gender	Employees as at the beginning of the financial year	Actual Expenditure on skills development 2017		
			Learnerships	Skills programmes & other short courses	Total
			Actual	Actual	Actual
MM and S57	Female	1	0	0	0
	Male	6	0	0	0
Legislators, Senior Officials and Managers	Female	17	67 394	19 196	86 590
	Male	45	0	10 420	10 420
Professionals	Female	10	110 577	8 525	119 102
	Male	56	36 859	3 175	40 034
Technicians and Associate Professionals	Female	44	30 535	62 155	92 690
	Male	25	0	67 443	67 443
Clerks	Female	142	147 436	291 421	438 857
	Male	27	36 859	54 677	91 536
Service and Sales Workers	Female	47	73 718	12 750	86 468
	Male	59	0	113 113	113 113
Plant and Machine Operators and Assemblers	Female	0	0	575	575
	Male	148	0	45 490	45 490
Elementary Occupations	Female	46	0	200	200
	Male	314	0	229 082	229 082
Sub-Total	Female	307	0	394 822	394 822
	Male	660	73 718	523 400	597 118
Total		967	73 718	918 222	991 940



A talented and diverse workforce is key to delivering the Municipality's long-term sustainability and the success of its operations is dependent on attracting, developing and retaining a capable and motivated workforce.

The Municipality's employees are capacitated with the required competencies to meet the increasing demands of the citizens by focussing on development interventions considering the competence requirements, organisation's strategic needs and future deployment capabilities.

The municipality creates conditions for all employees to be developed by granting them an opportunity to discuss their training needs with their managers/supervisors. It has to prioritise according to the level of importance for each training need identified with focus on 80% service delivery (meeting IDP objectives) as well as 20% personnel development.

In the 2016/2017 financial year, the Municipality invested R1 000 000 in its employee development in order to improve the knowledge, skills and experience of its employees to achieve the municipality's strategic objectives.

The Municipality is dedicated to empowering its employees and encouraging their advancement by providing a system of training and development that is ongoing and structured to purpose.

In terms of the Skills Development Act, No 97 of 1998, the Municipality strives to encourage employers to use the workplace as an active learning environment and empower lower level workers to participate in Learnerships, AET and other accredited training programmes.

The implementation phase which encompasses training priority needs identified per directorate as depicted on the Workplace Skills Plan for the 2016/17 financial year has commenced on 1 July 2016 and was finalised on 30 June 2017.

All training programmes identified as a priority have been scheduled in the order of importance. That is critical and extremely important needs are implemented during the first quarter (July- September 2016) and the second quarter (October – December 2016). The important and less important training needs were implemented during the third (January – March 2017) and fourth quarter (April – June 2017) taking into consideration the statutory compliance as well as regulatory training programmes.

Learning interventions to enhance the skills, knowledge and attitude of employees were implemented during the 2016/17 financial year, which comprises of short courses, skills programmes, AET, learnerships, apprenticeships as well as RPL artisan development training programmes that leads to an NQF-registered qualification.

Below is the demographic information in terms of race, gender and number of training beneficiaries.

TYPE OF LEARNING PROGRAMME	NUMBER OF INTERVENTIONS	BENEFICIARIES OF TRAINING	RACE			GENDER	
			A	C	W	M	F
Skills Programme	21	221	68	113	40	132	89
Short Course	17	163	33	86	44	152	11
Workshop	3	3	0	0	3	2	1
Seminar	1	1	0	2	1	0	3
RPL (Artisan Development)	2	4	1	3	0	4	0
Apprenticeship (Artisan Development)	3	27	8	18	1	27	0
Learnership	6	33	7	21	5	14	19
Total	53	452	117	243	94	331	123

Officials were trained in the accredited structured learning interventions below:

TYPE OF LEARNING PROGRAMME (EG. LEARNERSHIP, INTERNSHIP)	NAME OF LEARNING PROGRAMME	NO. OF LEARNERS	STATUS	SOURCE OF FUNDING
<b>Skills Programme</b>	Middle Management Development Programme	1	Complete	Funded by Dept. of Local Govt.
<b>Short Course</b>	ICS 100/200 (Intake 2)	6	Complete	DLG
<b>Skills Programme</b>	Electronic Records Management	1	Complete	Western Cape Archives
<b>Short Course</b>	Swift Water Rescue	2	Complete	DLG
<b>Workshop</b>	Workshop in Understanding & Managing Renewable Energy Project	1	Complete	Mossel Bay Municipality
<b>Skills Programme</b>	Basic MS Excel	11	Complete	Mossel Bay Municipality
<b>Skills Programme</b>	Introduction to Computers	10	Complete	Mossel Bay Municipality
<b>Short Course</b>	First Aid Level 1-3	18	Complete	Mossel Bay Municipality
<b>Short Course</b>	Basic Fire Fighting (In house)	8	Complete	Mossel Bay Fire & Rescue
<b>Skills Programme</b>	Operate a Brush cutter	14	Complete	Mossel Bay Municipality
<b>Skills Programme</b>	Foster & Maintain Customer Relations	10	Complete	Mossel Bay Municipality
<b>Skills Programme</b>	Law Enforcement by Peace Officers	10	Complete	Mossel Bay Municipality)
<b>Seminar</b>	Incapacity Seminar	3	Complete	Mossel Bay Municipality
<b>Workshop</b>	Water Law South Africa	1	Complete	Mossel Bay Municipality
<b>Skills Programme</b>	Operate a Chainsaw	10	Complete	Mossel Bay Municipality
<b>Short Course</b>	Transporting Dangerous Goods (Refresher)	2	Complete	Mossel Bay Municipality
<b>Short Course</b>	Transporting Dangerous Goods (New)	4	Complete	Mossel Bay Municipality
<b>Short Course</b>	Aerial Platform (New)10	8	Complete	LG Seta Mandatory Grant
<b>Short Course</b>	Aerial Platform (Refresher)	16	Complete	LG Seta Mandatory Grant
<b>Short Course</b>	Truck-Mounted Crane (Refresher)	10	Complete	LG Seta Mandatory Grant

TYPE OF LEARNING PROGRAMME (EG. LEARNERSHIP, INTERNSHIP)	NAME OF LEARNING PROGRAMME	NO. OF LEARNERS	STATUS	SOURCE OF FUNDING
<b>Short Course</b>	Truck-Mounted Crane (Novice)	12	Complete	LG Seta Mandatory Grant
<b>Skills Programme</b>	Basic Computer Training for Councillors	14	Complete	Mossel Bay Municipality
<b>Skills Programme</b>	MS Word for Councillors	19	Complete	Mossel Bay Municipality
<b>Skills Programme</b>	Basic Application of Pesticides & Herbicides	10	Complete	LG Seta Mandatory Grant
<b>Short Course</b>	Snake Awareness & Venomous Snake Handling Course	11	Complete	Mossel Bay Municipality
<b>Short Course</b>	Radio Operators Course	8	Complete	Mossel Bay Municipality
<b>Skills Programme</b>	Skippers Course	5	Complete	Mossel Bay Municipality
<b>Skills Programme</b>	Minute Taking & Report Writing	10	Complete	LG Seta Mandator Grant
<b>Skills Programme</b>	Phase 2 Councillor Training	25	In progress	SALGA
<b>Skills Programme</b>	Supervisory Skills Training	10	Complete	LG Seta Mandatory Grant
<b>Skills Programme</b>	Public Speaking & Speech Writing	9	Complete	LG Seta Mandatory Grant
<b>Skills Programme</b>	Events Management	10	Complete	LG Seta Mandatory Grant
<b>Short Course</b>	Training on How to Operate a Walk-Behind Roller	7	Complete	LG Seta Mandatory Grant
<b>Short Course</b>	Training on How to Operate a Digger Loader/TLB	15	Complete	LG Seta Mandatory Grant
<b>Skills Programme</b>	Customer Care/Client Services	15	Complete	Mossel Bay Municipality
<b>Skills Programme</b>	4X4 Driving Course	10	Complete	Mossel Bay Municipality
<b>Workshop</b>	General Conditions of Contract (GCC 2015)	1	Complete	LG Seta Mandatory Grant
<b>Short Course</b>	SHE Rep Training	25	Complete	LG Seta Mandatory Grant
<b>Short Course</b>	SHE Representative Functions	8	Complete	LG Seta Mandatory Grant
<b>Skills Programme</b>	Training on Fundamentals of Fire Investigations	2	Complete	Mossel Bay Municipality



TYPE OF LEARNING PROGRAMME (EG. LEARNERSHIP, INTERNSHIP)	NAME OF LEARNING PROGRAMME	NO. OF LEARNERS	STATUS	SOURCE OF FUNDING
<b>Skills Programme</b>	Power Tool Operators and Safe Use of Hand Tools	15	Complete	LG Seta Mandatory Grant
<b>Short Course</b>	SAGIS Invasive Species Training	1	Complete	LG Seta Mandatory Grant
<b>RPL (Artisan Development)</b>	Carpentry Preparation & Trade Test	2	In progress	LG Seta Mandatory Grant
<b>RPL (Artisan Development)</b>	Electrical Preparation & Trade Test	2	In progress	LG Seta Mandatory Grant
<b>Apprenticeship (Artisan Development)</b>	Plumber	9	The apprenticeship is completed, apprentices will undergo final trade test	CETA Funded
<b>Apprenticeship (Artisan Development)</b>	Electrical	11	The apprenticeship is completed, apprentices will undergo final trade test	CETA Funded
<b>Apprenticeship (Artisan Development)</b>	Bricklayer	7	The apprenticeship is completed, apprentices will undergo final trade test	CETA Funded
<b>Learnership</b>	Diploma in Public Accountability	13	In progress	Mossel Bay Municipality
<b>Learnership</b>	NC: Horticulture, NQF 2	5	In progress	LGSETA Discretionary Grant
<b>Learnership</b>	Local Government Accounting Certificate, NQF 3	3	In progress	LGSETA Discretionary Grant
<b>Learnership</b>	FET Certificate: OD ETDP	3	In progress	LGSETA Discretionary Grant
<b>Learnership</b>	Water & Wastewater Treatment Process Control, NQF 2	4	In progress	LGSETA Discretionary Grant
<b>Learnership</b>	Water & Wastewater Treatment Process Control, NQF 3	5	In progress	LGSETA Discretionary Grant

## CAREER DEVELOPMENT PROGRAMMES

The following interventions relate to programmes within the domain of Career Management which are implemented:

### 1. Study Bursary Scheme

The Municipality aims to provide support mechanisms for employees who wish to undertake undergraduate and postgraduate courses for career advancement purposes. During the 2016/17 financial year, the Municipality has provided financial assistance to 16 employees in the amount of R85 000 in total.

A need was identified to assist external student within the municipal area who require a financial contribution towards studying in a specific field of study at a recognized Educational institution. The provision of funds for external students is made from the Mayoral Relief and Charitable Fund. During 2017 academic year, financial support was given to 5 (five) external student in the amount of R24 000 in total.

The Municipality has also secured additional funding from the Provincial Treasury by means of the Financial Management Capacity Building Grant that seeks to provide funding to the external bursary recipients. An amount of R120 000 was received for the 2016/17 financial year and allocated to five beneficiaries.

### 2. Internships

The Municipality has once more offered internships programme to a total of 20 graduates in municipal-related fields within the Municipality during the 2016/2017 financial year.

The objective of the Intern Programme is to:

- Provide these student with skills to add to their Curriculum Vitae
- Add value to the functionality of the Municipality with the human resources they can provide
- Make these students job ready and equip them with necessary skills for the workplace

INTERNSHIPS PER DIRECTORATE					
Corporate Services	Planning and Integrated Services	Financial Services	Community Services	Technical Services	Office of the MM
12	3	5	0	0	0

**COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:**

During the 2016/2017 financial year, the Mossel Bay Municipality made provision of R1 000 000, 00 for training and skills development of officials as depicted in the Workplace Skills Plan submitted on 30 April 2016. The actual amount spent on training and skills development for the 2016/2017 financial year amounted to R998 352, 82 (99.83%).

Mossel Bay Municipality also allocated an amount of R85 000, 00 as a financial aid to those officials who wish to pursue their studies at tertiary institutions. Actual expenditure amounted to R85 421 (100,49%) in the 2016/2017 financial year.

The Municipality strives to align to the vision of a skilled, capable and competent workforce and has effectively trained 452 employed officials from a staff complement of 948 in an accredited structured learning interventions.

On Financial Competency Regulations, the Municipality has taken reasonable steps towards compliance of its officials as well as attempting to accommodate officials who have attended and completed part of the planned training but who may still need time to complete the remaining training.

To date 53 beneficiaries were enrolled in the Minimum Competency Level training as well as the Diploma in Public Accountability facilitated by the University of Stellenbosch have achieved minimum competency levels. A total of eight employees are filling their gaps for full compliance and the Municipality will ensure soonest completion of the required unit standards and compliance by August 2018 as regulated and outlined in the Government Gazette, No. 40593, published on 03 February 2017.

## **COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE**

### INTRODUCTION TO WORKFORCE EXPENDITURE

The management of employee expenditure is an important function in every organisation, and the Mossel Bay Municipality is no exception. Effective management of employee expenditure is achieved by applying sound management principles and the continuous revision and application of policies and procedures.

#### 4.5 EMPLOYEE EXPENDITURE

The table below reflects the number of employees whose salaries were increased because of the upgrading of their positions. This was done by way of the Tuned Assessment of Skills and Knowledge (TASK) system, which is the recognised job evaluation system within the local government sector as approved by the National Executive Committee of the South African Local Government Association (SALGA).

The purpose of the TASK Job Evaluation System is to achieve uniform norms and standards in the description of similar jobs and their grading and to underpin job comparison.

The table below shows employees whose salaries were increased due to their positions being upgraded through an official TASK post evaluation process. The process was audited by Provincial Audit Committee and facilitated by SALGA Western Cape.

Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1 - 2)	Female	0
	Male	0
Skilled (Levels 3 - 5)	Female	0
	Male	56
Highly skilled production (Levels 6 - 8)	Female	6
	Male	13
Highly skilled supervision (Levels 9 - 12)	Female	1
	Male	10
Senior management (Levels 13 - 16)	Female	0
	Male	7
MM and S 57	Female	0
	Male	0
Total		93

Employees whose salary levels exceed the grade determined by job evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Administrative Clerk	1	T5	C10	Retain salary with implementation of TASK grading system
Administrative Support Officer	1	T11	C6	Retain salary with implementation of TASK grading system
Artisan	10	T10/T9	C7/C8/C9	Retain salary with implementation of TASK grading system
Assistant Accountant	1	T9	C7/C8/C9	Retain salary with implementation of TASK grading system
Building Inspector	2	T10	C8	Retain salary with implementation of TASK grading system
Cashier/Clerk/Senior Clerk	33	T5/T6	C8/C9/C10/C11/C12	Retain salary with implementation of TASK grading system
Assistant Superintendent/Superintendent/Supervisor	4	T11/T7	C5/C10	Retain salary with implementation of TASK grading system
Driver	6	T7	C11	Retain salary with implementation of TASK grading system
Environmentalist	1	T12	C5	Retain salary with implementation of TASK grading system
Examiner (Driver's Licence)	1	T9	C9	Retain salary with implementation of TASK grading system
Secretary	10	T7/T6	C9/C10	Retain salary with implementation of TASK grading system
Fire Fighter	19	T5/T6/T9	C9/C10/C13	Retain salary with implementation of TASK grading system
Foreman	2	T9	C7/C9	Retain salary with implementation of TASK grading system
HR Officer	1	T11	C6	Retain salary with implementation of TASK grading system
Process Controller	4	T7	C8/C9/C10/C11/C12	Retain salary with implementation of TASK grading system
Manager	1	T14	C3	Retain salary with implementation of TASK grading system
Meter Reader	1	T5	C12	Retain salary with implementation of TASK grading system
Network Operator	1	T11	C6	Retain salary with implementation of TASK grading system
Pipe Layer	1	T7	C9	Retain salary with implementation of TASK grading system
Platoon Commander	1	T10	C7	Retain salary with implementation of TASK grading system
Principal Clerk	3	T7	C6/C9	Retain salary with implementation of TASK grading system
Senior/Admin Officers	2	T11	C5	Retain salary with implementation of TASK grading system
Snr Data Operator	1	T8	C8	Retain salary with implementation of TASK grading system
Special Workman	4	T6	C9	Retain salary with implementation of TASK grading system
Storeman/Assistant	2	T6/T7	C7/C10	Retain salary with implementation of TASK grading system
Switchboard Operator	2	T5	C12	Retain salary with implementation of TASK grading system

Employees whose salary levels exceed the grade determined by job evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Tractor Driver	2	T5	C11/C13	Retain salary with implementation of TASK grading system
Traffic Officer	5	T9	C8/C9	Retain salary with implementation of TASK grading system
Typist	3	T5	C10	Retain salary with implementation of TASK grading system
Valuer	1	T12	C5	Retain salary with implementation of TASK grading system
Youth Development Officer	1	T11	C6	Retain salary with implementation of TASK grading system
General Assistant	1	T3	C15	Retain salary with implementation of TASK grading system
Librarian/ Assistant Librarian/Library Aid	15	T6	C9/C10/C13	Retain salary with implementation of TASK grading system

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
No employees appointed to posts not approved				

**COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:**

With the implementation of the TASK salary grading system on 1 July 2010, employees whose existing basic salary is higher than the maximum notch of the TASK grade as determined by the job evaluation process, retain their basic salary. However, when these posts however become vacant, the vacant posts are advertised on the evaluated TASK grade. An employee on a contractual-to-holder salary scale, does not qualify for any annual notch increases. They do, however, qualify for the general annual increase effective on 1 July of each year.

Job contents (post descriptions) are evaluated on a continuous basis by the TASK Regional Job Evaluation Committee and audited by a Provincial Audit Committee. If a job has changed substantially and permanently, the incumbent or the relevant manager, may apply for re-evaluation of the job content, provided that the duties were performed for more than six months. When an organogram changes, job descriptions must be amended due to the changed functionalities and if changes are substantial and permanent, a request for re-evaluation must be submitted.

## **CHAPTER 5 – FINANCIAL PERFORMANCE**

### **INTRODUCTION**

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter is comprised of three components::

- Component A: Statement of Financial Performance.
- Component B: Spending Against Capital Budget.
- Component C: Other Financial Matters.

### **COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE**

The Mossel Bay Municipality has performed above the expected norms as set out in both the Original and Adjustments Budgets. The income generated is at 99,3% of the budgeted income while the operating expenditure is at 92% of the budgeted operational expenditure. This resulted in a surplus of R139 071 383.

The operational revenue measured against budget is below the budget by R6,6 million. If the grant transfer revenue is taken out of the equation, the budget would have been exceeded by R29,7 million, of which the largest contributor is the actuarial gain to the value of R24,7 million, followed by interest on external investments of R2,2 million and service charges to the value of R2 million.

The reduction in expenditure includes a savings on debt impairment costs (R18,5 million), depreciation charges (R6,5 million), employee-related costs (R4,3 million), repairs and maintenance of (R4,6 million) and contracted services (R3 million). The strict control over all expenditure in general contributed to the savings.

## 5.1 STATEMENT OF FINANCIAL PERFORMANCE

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The classification basis on which the annual budget and the annual financial statements were compiled is different. The annual financial statements are classified in terms of GRAP, while the annual budget is classified in terms of National Treasury guidelines. Both are compiled using the accrual basis and the reporting period is the same.

#### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	Note	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
<b>NET ASSETS AND LIABILITIES</b>					
<b>Net assets</b>		<b>2 726 444 287</b>	<b>2 585 145 673</b>	<b>141 298 614</b>	
Housing development fund	2	28 417	-	28 417	
Reserves	3	141 173 950	112 255 403	28 918 548	
Capital replacement reserve		141 173 950	112 255 403	28 918 548	An additional contribution was made as a result of an increased performance in cash generated due higher than expected than estimated collection rates.
Accumulated surplus		2 585 241 920	2 472 890 270	112 351 650	Prior year adjustments had an effect on the actual amount realised. See notes 41 and 42 for more details.
<b>Non-current liabilities</b>		<b>210 932 936</b>	<b>234 346 010</b>	<b>(23 413 074)</b>	
Employee benefits	7	88 146 000	116 508 110	(28 362 110)	No budget provision were made for any actuarial losses as this was not foreseen and/or provided for by the Actuaries.
Non-current provisions	6	94 196 700	89 664 481	4 532 219	New legislation caused an unforeseen increase in the required provision for clearing of alien vegetation.
Finance Lease liability	4	18 876	385 457	( 366 580)	
Other Long-term liabilities	5	28 296 818	27 461 962	834 856	
Non-current deposits	8	274 541	326 000	( 51 459)	
<b>Current liabilities</b>		<b>215 036 038</b>	<b>155 996 619</b>	<b>59 039 419</b>	
Consumer deposits	9	23 240 671	21 753 405	1 487 266	Consumer deposits were adjusted only with inflation, growth in number of deposits were more than expected.
Provisions	10	5 684 326	4 872 390	811 935	The cash flow for the rehabilitation of landfill sites was not available during preparation budget
Current Employee benefits	11	28 161 219	22 500 000	5 661 219	Actuals as per Actuarial reports.
Payables from Exchange transactions	12	115 248 805	102 430 796	12 818 010	The increase is as a result slow capital expenditure in year resulting in a higher as expected payable figure at year end.
Unspent conditional grants and receipts	13	37 963 297	-	37 963 297	No provision were made for unspent grants, due to the commitment from management to strive to 100% grant expenditure. Housing projects are the biggest contributor.
VAT Payable	14	-	-	-	
Cash and cash equivalents	25	-	-	-	
Operating Lease Liability	26	1 673 415	1 400 000	273 415	
Current portion of Finance lease liability	4	261 364	280 000	( 18 636)	
Current portion of other long-term liabilities	5	2 802 941	2 760 028	42 914	
<b>Total Net Assets and Liabilities</b>		<b>3 152 413 261</b>	<b>2 975 488 302</b>	<b>176 924 959</b>	



COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)

	Note	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>2 622 617 506</b>	<b>2 544 753 774</b>	<b>77 863 732</b>	
Property, plant and equipment	15	1 967 077 842	1 912 842 466	54 235 376	The prior year adjustments, which were unforeseen with compilation of the budget, is the cause of the variance.
Biological Assets	16	-	-	-	
Intangible Assets	17	559 837	618 703	( 58 866)	
Investment Property	18	625 940 509	602 829 513	23 110 996	The prior year adjustments, which were unforeseen with compilation of the budget, is the cause of the variance.
Heritage Assets	19	4 225 599	4 225 599	-	
Long-term receivables	20	813 719	237 493	576 226	
Investments	24	24 000 000	24 000 000	-	
<b>Current assets</b>		<b>529 795 755</b>	<b>430 734 527</b>	<b>99 061 228</b>	
Inventory	21	27 275 661	21 410 953	5 864 708	More than expected housing top structures were classified as inventory due to the fact that the houses were not handed over to the beneficiaries.
Receivables from Exchange transactions	22	58 816 373	59 357 414	( 541 041)	Lower than expected due to improved collection rate
Other receivables from non-exchange transactions	23	17 758 861	16 197 288	1 561 573	Weaker collection rate of traffic fines than expected.
Current portion of long-term receivables	20	336 681	330 849	5 831	
Unpaid conditional grants and receipts		0	-	0	
VAT Receivable	14	8 071 251	7 200 000	871 251	
Cash and Cash equivalents	25	417 342 456	326 038 022	91 304 434	Improved collection rates and under expenditure on both capital and operational expenditure caused more funding to be available than expected.
Operating Lease Assets	26	194 471	200 000	( 5 529)	
<b>Total Assets</b>		<b>3 152 413 261</b>	<b>2 975 488 301</b>	<b>176 924 960</b>	

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017**

**COMPARISON OF APPROVED AND FINAL BUDGET**

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Explanations for material adjustments
<b>NET ASSETS AND LIABILITIES</b>				
<b>Net assets</b>	<b>2 585 145 673</b>	<b>-</b>	<b>2 585 145 673</b>	
Housing development fund	-	-	-	No adjustments were made to the Council Approved Statement of Financial Position.
Reserves	112 255 403	-	112 255 403	
Capital replacement reserve	112 255 403	-	112 255 403	
Accumulated surplus	2 472 890 270	-	2 472 890 270	
<b>Non-current liabilities</b>	<b>234 346 010</b>	<b>-</b>	<b>234 346 010</b>	
Employee benefits	116 508 110	-	116 508 110	
Non-current provisions	89 664 481	-	89 664 481	
Finance Lease liability	385 457	-	385 457	
Other Long-term liabilities	27 461 962	-	27 461 962	
Non-current deposits	326 000.00	-	326 000.00	
<b>Current liabilities</b>	<b>155 996 619</b>	<b>-</b>	<b>155 996 619</b>	
Consumer deposits	21 753 405	-	21 753 405	
Provisions	4 872 390	-	4 872 390	
Current Employee benefits	22 500 000.00	-	22 500 000.00	
Payables from Exchange transactions	102 430 796	-	102 430 796	
Unspent conditional grants and receipts	-	-	-	
VAT Payable	-	-	-	
Cash and cash equivalents	-	-	-	
Operating Lease Liability	1 400 000.00	-	1 400 000.00	
Current portion of Finance lease liability	280 000.00	-	280 000.00	
Current portion of other long-term liabilities	2 760 028	-	2 760 028	
<b>Total Net Assets and Liabilities</b>	<b>2 975 488 302</b>	<b>-</b>	<b>2 975 488 302</b>	

**COMPARISON OF APPROVED AND FINAL BUDGET (Continued)**

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Explanations for material variances
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>2 544 753 774</b>	<b>-</b>	<b>2544 753 774</b>	
Property, plant and equipment	1 912 842 466	-	1912 842 466	No adjustments were made to the Council Approved Statement of Financial Position.
Biological Assets	-	-	-	
Intangible Assets	618 703	-	618 703	
Investment Property	602 829 513	-	602 829 513	
Heritage assets	4 225 599	-	4 225 599	
Long-term receivables	237 493	-	237 493	
Investments	24 000 000	-	24 000 000	
<b>Current assets</b>	<b>430 734 527</b>	<b>-</b>	<b>430 734 527</b>	
Inventory	21 410 953	-	21 410 953	
Receivables from Exchange transactions	59 357 414	-	59 357 414	
Other receivables from non-exchange transactions	16 197 288	-	16 197 288	
Current portion of long-term receivables	330 849	-	330 849	
Unpaid conditional grants and receipts	-	-	-	
VAT Receivable	7 200 000	-	7 200 000	
Cash and Cash equivalents	326 038 022	-	326 038 022	
Operating Lease Assets	200 000	-	200 000	
<b>Total Assets</b>	<b>2 975 488 301</b>	<b>-</b>	<b>2975 488 301</b>	

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	Notes	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>315 600 929</b>	<b>336 466 344</b>	<b>(20 865 415)</b>	
<b>Taxation revenue</b>		<b>104 137 439</b>	<b>103 857 512</b>	<b>279 927</b>	
Property rates	27	104 137 439	103 857 512	279 927	
<b>Transfer revenue</b>		<b>160 097 708</b>	<b>196 411 209</b>	<b>(36 313 501)</b>	
Government grants and subsidies	29	145 518 902	192 214 259	(46 695 357)	Underspending of mainly Housing grant funds. These funds are requested to be rolled-over to the next financial year.
Public contributions, donated and contributed PPE	31	14 578 806	4 196 950	10 381 856	Donated assets such as the Siyanithanda building and ICT Computer equipment was not provided for in the budget.
<b>Other non-exchange revenue</b>		<b>51 365 782</b>	<b>36 197 623</b>	<b>15 168 159</b>	
Fines		26 098 293	35 697 623	(9 599 331)	The service provider's contract expired 31 March 2017, no stand alone camera fines were issued thereafter.
Actuarial gains		25 267 490	500 000	24 767 490	Actuarial gains in employee benefits were available with budget compilation, therefore the small provision.
<b>Revenue from Exchange Transactions</b>		<b>642 799 846</b>	<b>628 538 231</b>	<b>14 261 615</b>	
Property rates-penalties imposed & collection charges		513 569	541 300	( 27 731)	
Service charges	28	544 946 464	542 925 035	2 021 429	The major contributing factor is an under estimated water consumption.
Rental of facilities and equipment		9 132 168	8 904 179	227 989	
Interest earned - external investments		35 094 411	32 886 504	2 207 907	Better cash flow due to savings on expenditure and improved collection rate led to better investment opportunities, which in turn led to an increase in interest earned.
Interest earned - unamortised discount		-	-	-	
Interest earned - outstanding debtors		1 635 402	1 533 192	102 210	
Licences and permits		6 579 280	5 671 435	907 845	
Gain on de-recognition of Assets		1 738 335	-	1 738 335	More disposals than anticipated with budget process were realised during the year, especially on the sale of land.
Impairment / Fair Value adjustment of Investment Property		-	-	-	
Other income	30	43 160 218	36 076 586	7 083 632	The main contributors are additional revenue from external services contributions (R 5.5 m); Building plan fees (R1.2 m) and sale of land held for resale (R1.2 m).
<b>Total Revenue</b>		<b>958 400 775</b>	<b>965 004 575</b>	<b>(6 603 800)</b>	

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)**

<b>EXPENDITURE</b>	<b>Notes</b>	<b>2017 R (Actual)</b>	<b>2017 R (Final Budget)</b>	<b>2017 R (Variance)</b>	<b>Explanations for material variances</b>
Employee related costs	32	243 654 622	248 002 308	(4 347 686)	The main contributors is lesser contributions on Social employee benefits, leave provision and to a lesser extend the vacant positions.
Remuneration of Councillors	33	9 786 303	10 301 035	( 514 732)	
Debt Impairment Costs	34	20 384 942	38 969 887	(18 584 945)	Mostly as a result less traffic fines issued and an improved collection rate on service charges.
Collection costs		5 718 148	6 188 039	( 469 891)	
Depreciation	35	63 701 544	70 255 986	(6 554 442)	Budgeted for all under construction assets to be finalised, which did not materialise.
Amortisation - Intangible Assets		91 688	6 454	85 234	
Actuarial losses		-	1 500 000	(1 500 000)	No actuarial losses on employee benefits were recognised.
Repairs and maintenance		51 712 154	56 375 130	(4 662 976)	The biggest contributors for the underspending are streets with R 1.7 m, whilst the rest is made up by various other types for example vehicles, electrical infrastructure etc.
Finance costs	36	7 164 900	3 152 634	4 012 266	No provision were made for the unwinding of interest the provision for landfill sites to the value of R4.2m.
Bulk purchases	37	276 942 760	270 889 805	6 052 955	Increased on expenditure due to conservative estimates on consumption for both water and electricity.
Contracted services	38	38 051 154	41 138 335	(3 087 181)	The savings are mainly due to security services, refuse and Internal audit cost.
Grants and subsidies paid	39	1 142 798	1 322 000	( 179 202)	
General expenses	40	97 383 807	141 590 713	(44 206 906)	This variance is mainly due to the underspending on housing top structures derecognised as agency services. Other general expense items which was underspent due to savings are bank charges, consultant fees and external audit fees.
Impairment on Assets		-	-	-	
Loss on de-recognition of Assets		3 594 573	1 075 304	2 519 269	This was cause by the land held resale (middle income project)
Impairment / Fair Value adjustment of Investment Property		-	-	-	
<b>Total Expenditure</b>		<b>819 329 392</b>	<b>890 767 630</b>	<b>(71 438 238)</b>	
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>139 071 383</b>	<b>74 236 945</b>	<b>64 834 438</b>	

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF APPROVED AND FINAL BUDGET**

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
<b>REVENUE</b>				
<b><u>Revenue from Non-exchange Transactions</u></b>	<b>336 466 344</b>	<b>0</b>	<b>336 466 344</b>	No adjustments were made to the Council Approved budget for Revenue.
<i>Taxation revenue</i>	103 857 512	0	103 857 512	
Property rates	103 857 512	0	103 857 512	
<i>Transfer revenue</i>	196 411 209	( 0)	196 411 209	
Government grants and subsidies	192 214 259	( 0)	192 214 259	
Public contributions, donated and contributed PPE	4 196 950	-	4 196 950	
<i>Other non-exchange revenue</i>	36 197 623	-	36 197 623	
Fines	35 697 623	-	35 697 623	
Actuarial gains	500 000	-	500 000	
<b><u>Revenue from Exchange Transactions</u></b>	<b>628 542 233</b>	<b>( 1)</b>	<b>628 538 231</b>	
Property rates-penalties imposed & collection charges	541 300	-	541 300	
Service charges	542 925 035	( 0)	542 925 035	
Rental of facilities and equipment	8 904 179	0	8 904 179	
Interest earned - external investments	32 886 504	0	32 886 504	
Interest earned - outstanding debtors	1 533 192	0	1 533 192	
Licences and permits	5 671 436	( 1)	5 671 435	
Gain on de-recognition of Assets	-	-	-	
Impairment / Fair Value adjustment of Investment Property	-	-	-	
Other income	36 080 588	( 1)	36 076 586	
<b>Total Revenue</b>	<b>965 008 576</b>	<b>( 0)</b>	<b>965 004 575</b>	

**COMPARISON OF APPROVED AND FINAL BUDGET (Continued)**

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Explanations for material variances
<b>EXPENDITURE</b>				
Employee related costs	247 923 015	79 293	248 002 308	All adjustments made to the Expenditure budget were due to virements approved by Council between expenditure accounts. These adjustments has a zero nett effect on the total budget Approved by Council.
Remuneration of Councillors	10 301 035	-	10 301 035	
Debt Impairment Costs	38 969 886	1	38 969 887	
Collection costs	6 341 039	( 153 000)	6 188 039	
Depreciation	70 255 986	-	70 255 986	
Amortisation - Intangible Assets	6 454	-	6 454	
Actuarial losses	1 500 000	-	1 500 000	
Repairs and maintenance	57 965 296	(1 590 166)	56 375 130	
Finance costs	3 152 634	-	3 152 634	
Bulk purchases	270 889 805	( 0)	270 889 805	
Contracted services	40 787 900	350 435	41 138 335	
Grants and subsidies paid	1 322 000	-	1 322 000	
General expenses	140 281 279	1 313 438	141 590 713	
Loss on de-recognition of Assets	1 075 304	( 0)	1 075 304	
Impairment / Fair Value adjustment of Investment Property and Biological assets	-	-	-	
<b>Total Expenditure</b>	<b>890 771 634</b>	<b>( 0)</b>	<b>890 767 630</b>	
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>74 236 942</b>	<b>( 0)</b>	<b>74 236 945</b>	

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	Notes	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<u>Receipts:</u>		877 673 416	871 064 315	6 609 101	
Ratepayers		623 478 366	635 952 587	(12 474 221)	The major contributing factors are conservative budgeting for the collection of Service charges charges.
Government - Operating		120 624 814	135 064 718	(14 439 904)	Due to underspending of Housing grant
Government - Capital		45 030 472	35 682 480	9 347 991	Due to underspending of Housing grant
Other		88 539 765	64 364 530	24 175 235	External services contributions land held for resale and building plan fees exceeded the budget.
<u>Payments:</u>		701 069 269	756 222 019	(55 152 749)	
Suppliers		390 265 411	438 104 019	(47 838 608)	Underspending of the Housing emergency kits budget and underspending of Cleaning of Sewerage infrastructure assets and savings on water bulk purchases due to water availability.
Employees		237 368 707	243 796 000	(6 427 293)	The main contributors is lesser contributions on social employee benefits, leave provision and to a lessor extend the vacant positions.
Other		73 435 152	74 322 000	( 886 848)	
Cash generated from/(utilised in) operations	46	176 604 147	114 842 297	61 761 850	
Interest received		34 816 538	34 419 695	396 843	
Interest paid	36	(2 894 419)	(3 144 771)	250 352	
<b>Net cash from operating activities</b>		<b>208 526 266</b>	<b>146 117 221</b>	<b>62 409 045</b>	



COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)

	Notes	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Capital Assets		(135 526 792)	(152 376 500)	16 849 708	Mainly due to the underspending of the Housing infrastructure projects.
Proceeds on de-recognition of Capital Assets	20	1 890 536	900 000	990 536	
(Increase)/decrease in long-term receivables		434 759	100 000	334 759	
(Increase)/decrease in Non-current Investments	24	(12 000 000)	(12 000 000)	-	The long term investment was budgeted under Cash and Cash equivalents.
<b>Net cash from investing activities</b>		<b>(145 201 497)</b>	<b>(163 376 500)</b>	<b>18 175 003</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase in consumer deposits	9	2 396 238	908 972	1 487 266	Consumer deposits were adjusted only with inflation, growth in number of deposits were more than expected.
Proceeds/(repayment) of finance lease liability	4	( 366 190)	( 300 000)	( 66 190)	
Proceeds/(repayment) of other long-term liabilities	5	3 978 263	3 378 290	599 973	
<b>Net cash from financing activities</b>		<b>6 008 311</b>	<b>3 987 263</b>	<b>2 021 049</b>	
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>69 333 080</b>	<b>(13 272 017)</b>	<b>82 605 097</b>	
Cash and cash equivalents at the beginning of the year		348 009 376	339 310 039	8 699 337	
Cash and cash equivalents at the end of the year	25	417 342 456	326 038 022	91 304 434	Reasons provided above

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF APPROVED AND FINAL BUDGET**

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<u>Receipts:</u>	871 064 315	-	871 064 315	
Ratepayers	635 952 587	-	635 952 587	No adjustments were made to the Council Approved Cash flow Statement.
Government - Operating	135 064 718	-	135 064 718	
Government - Capital	35 682 480	-	35 682 480	
Other	64 364 530	-	64 364 530	
<u>Payments:</u>	756 222 019	-	756 222 019	
Suppliers	438 104 019	-	438 104 019	
Employees	243 796 000	-	243 796 000	
Other	74 322 000	-	74 322 000	
Cash generated from/(utilised in) operations	114 842 297	-	114 842 297	
Interest received	34 419 695	-	34 419 695	
Interest paid	(3 144 771)	-	(3 144 771)	
<b>Net cash from operating activities</b>	<b>146 117 221</b>	<b>-</b>	<b>146 117 221</b>	

**COMPARISON OF APPROVED AND FINAL BUDGET (Continued)**

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Capital Assets	(152 376 500)	-	(152 376 500)	No adjustments were made to the Council Approved Cash flow Statement.
Proceeds on de-recognition of Capital Assets	900 000	-	900 000	
(Increase)/decrease in long-term receivables	100 000	-	100 000	
(Increase)/decrease in Non-current Investments	(12 000 000)	-	(12 000 000)	
<b>Net cash from investing activities</b>	<b>(163 376 500)</b>	<b>-</b>	<b>(163 376 500)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in consumer deposits	908 972	-	908 972	
Proceeds/(repayment) of finance lease liability	( 300 000)	-	( 300 000)	
Proceeds/(repayment) of other long-term liabilities	3 378 290	-	3 378 290	
<b>Net cash from financing activities</b>	<b>3 987 263</b>	<b>-</b>	<b>3 987 263</b>	
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(13 272 017)</b>	<b>-</b>	<b>(13 272 017)</b>	
Cash and cash equivalents at the beginning of the year	339 310 039	-	339 310 039	
Cash and cash equivalents at the end of the year	326 038 022	-	326 038 022	

## 5.2 GRANTS

### COMMENT ON OPERATING TRANSFERS AND GRANTO:

Unspent Capital Grant funding relates to funding for housing projects which are multi-year projects. It has been requested that these funds be rolled over to the 2017/2018 financial year. Unspent Operating Grant funding is mainly due to the multi-year housing project.

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

The full asset life cycle cost of capital asset needs to be recovered while the customers have access to the service, hence the importance of the completeness of the capital asset register.

In the year under review the focus was still on the completeness of capital assets under the control of the Municipality. The Geographical Information System (GIS) is still viewed as a crucial tool in ensuring completeness of immovable capital assets. It already proved to be very useful in ensuring the completeness. It is envisaged that by the end of June 2018, all variances between as-built plans and the asset register will have been addressed, using the updated GIS.

The Municipality continuously endeavours to improve its asset management by putting policies, principles and processes in place that is in line with the vision of the Municipality.

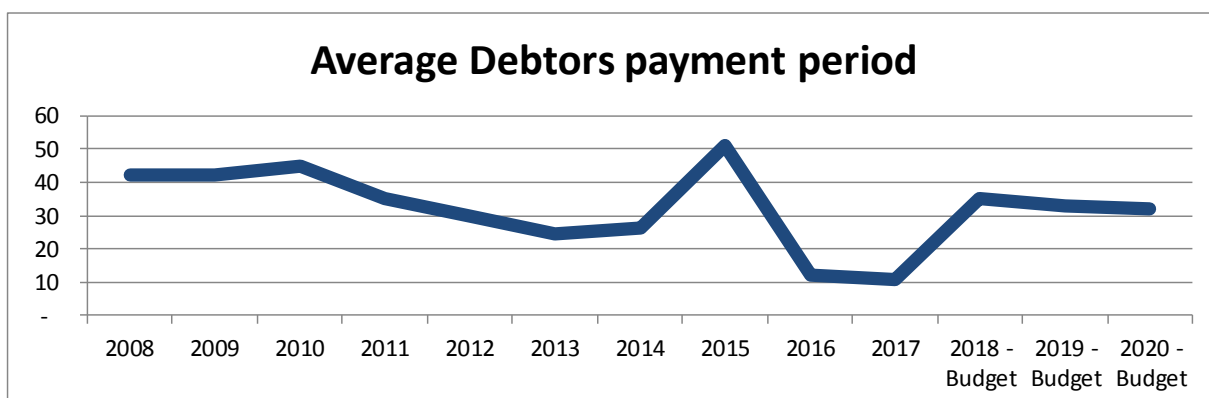
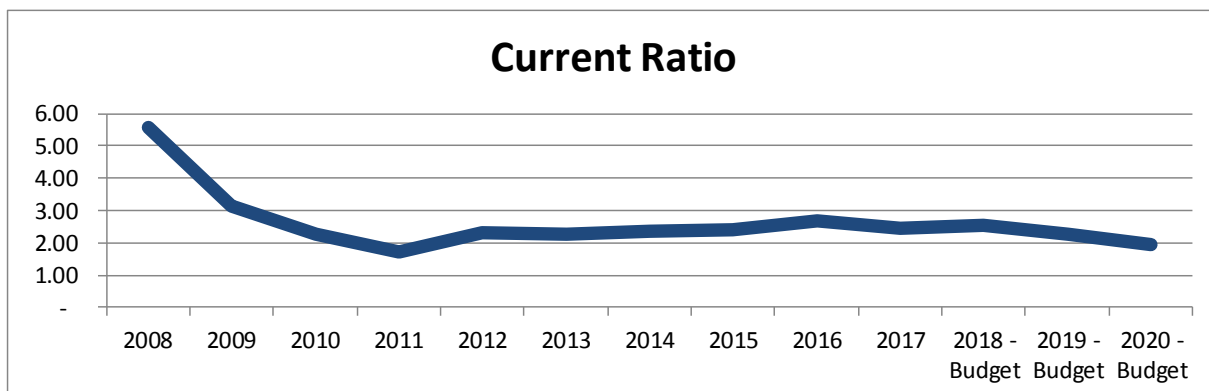
REPAIR AND MAINTENANCE EXPENDITURE: 2017				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	53266	56375	51712	3%

### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

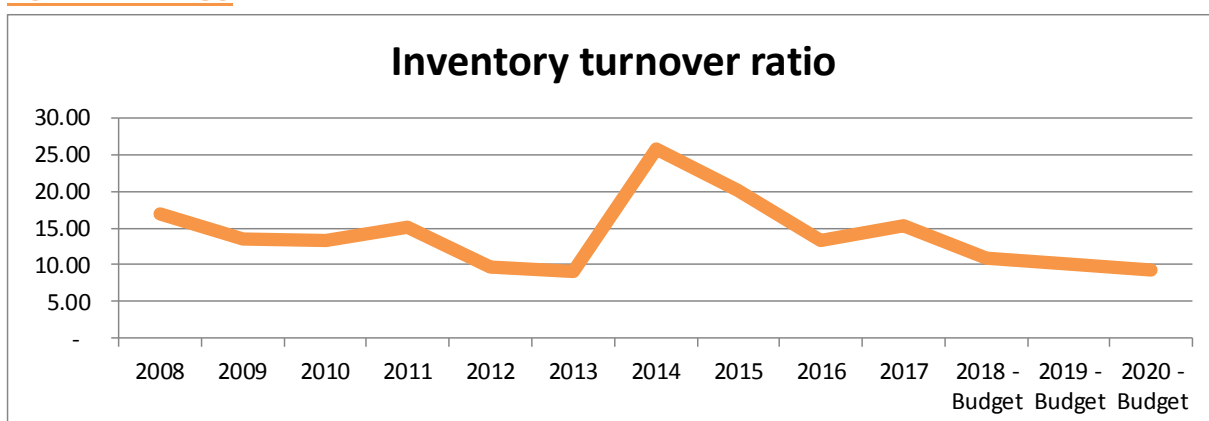
While it may be considered that the 6,3% is below the norm, it must be taken into account that direct labour costs are excluded from the ratio and that Council spends the majority of its capital expenditure on the renewal, upgrading and replacement of capital assets.

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

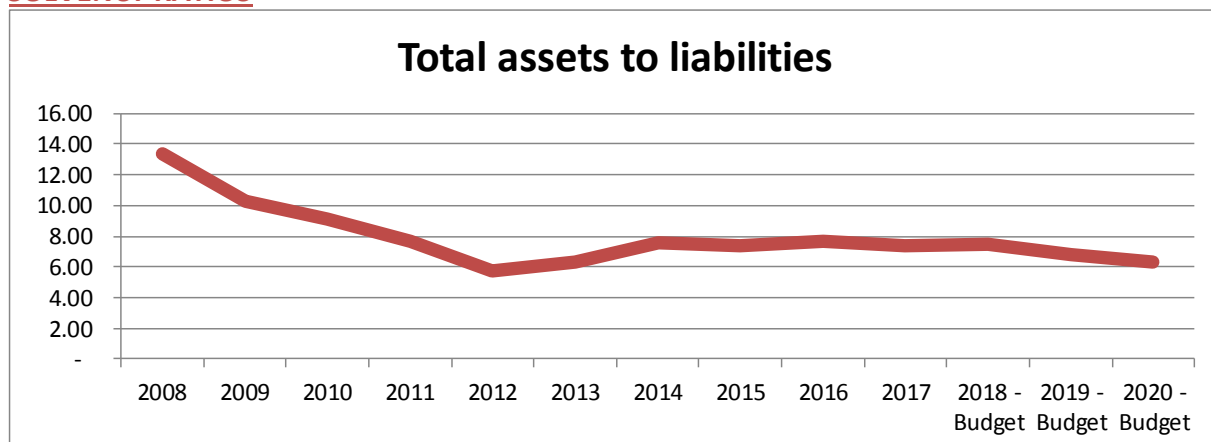
### LIQUIDITY MEASUREMENT RATIOS



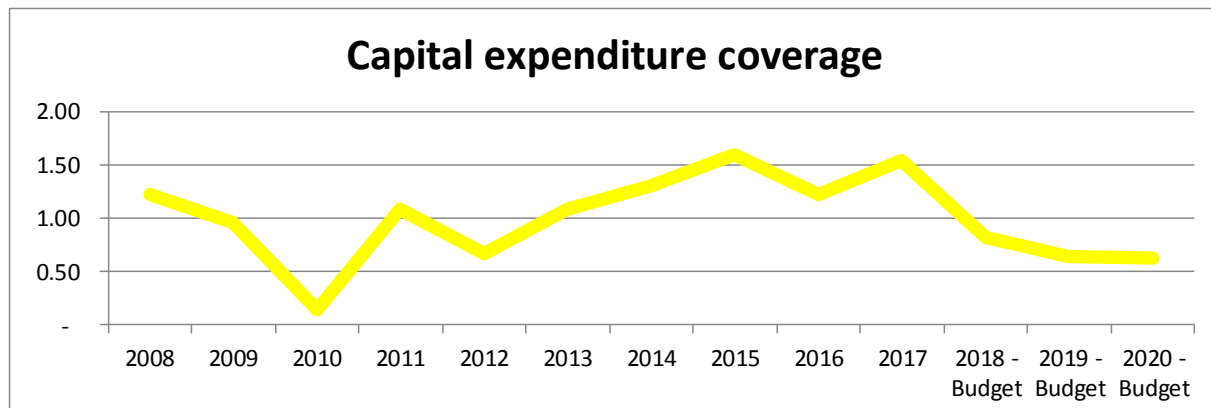
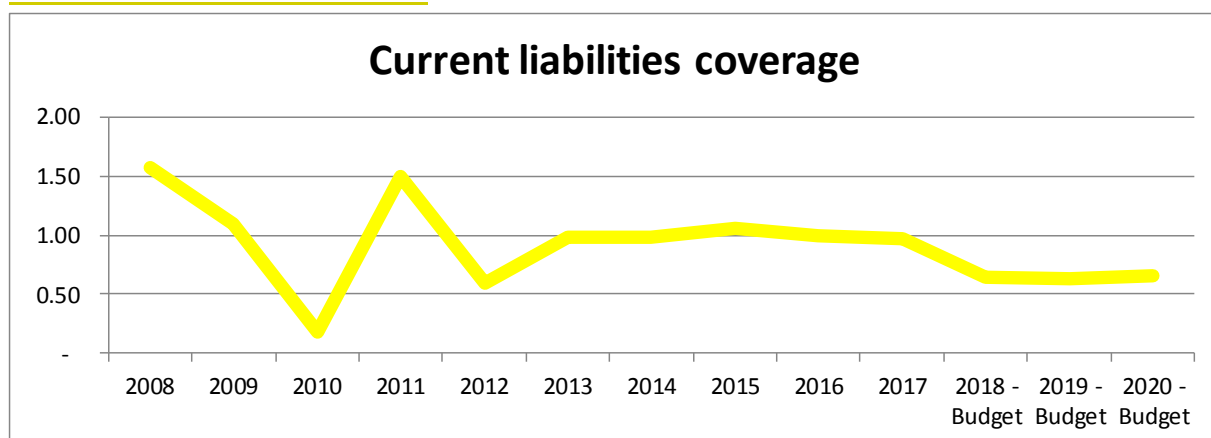
### ACTIVITY RATIOS



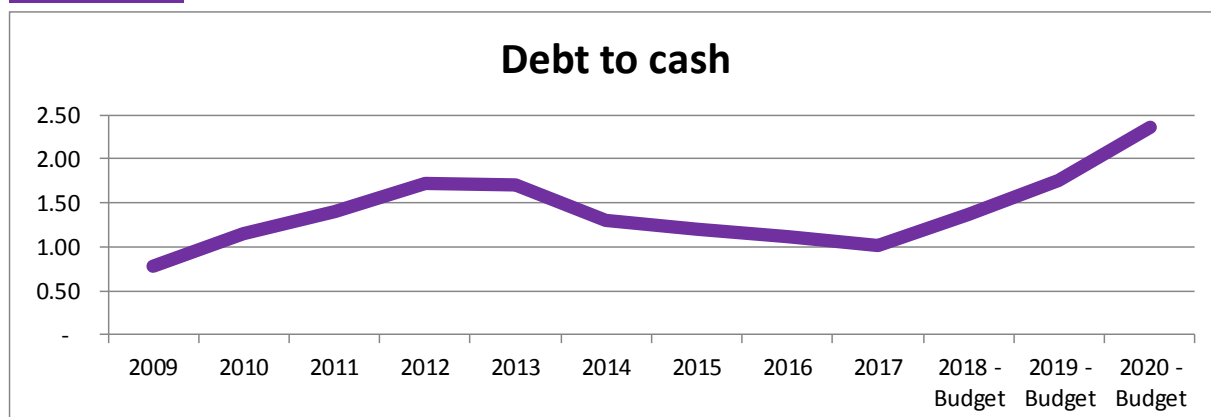
### SOLVENCY RATIOS



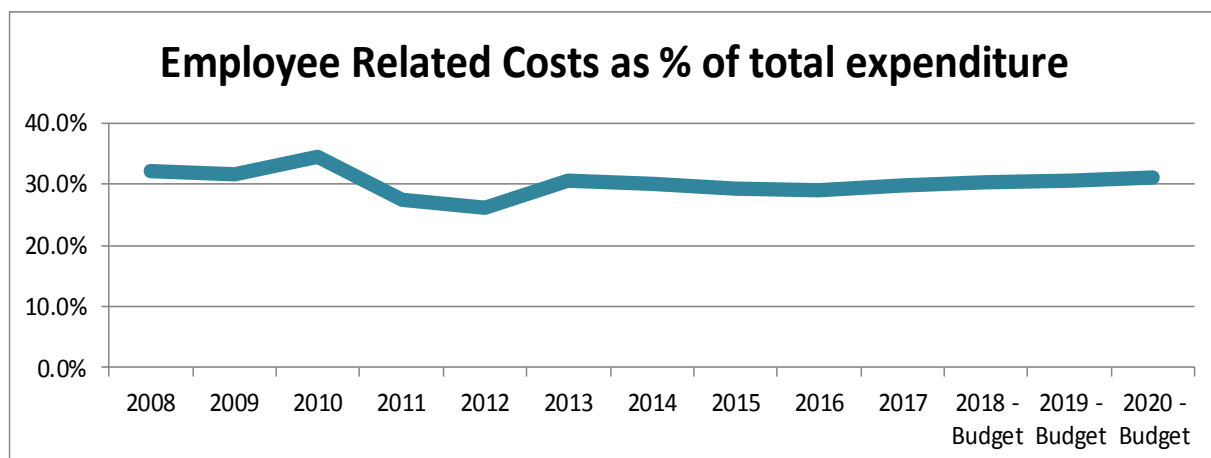
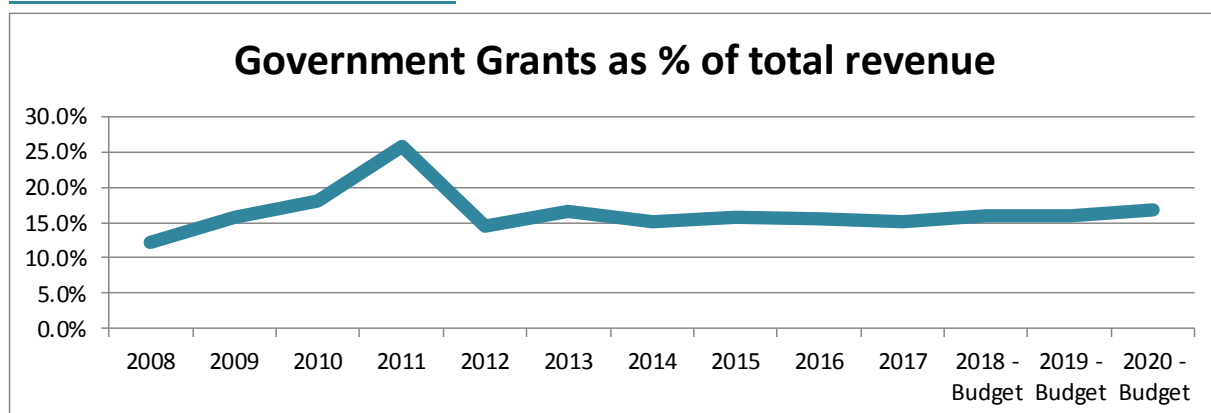
### CASH FLOW INDICATOR RATIOS

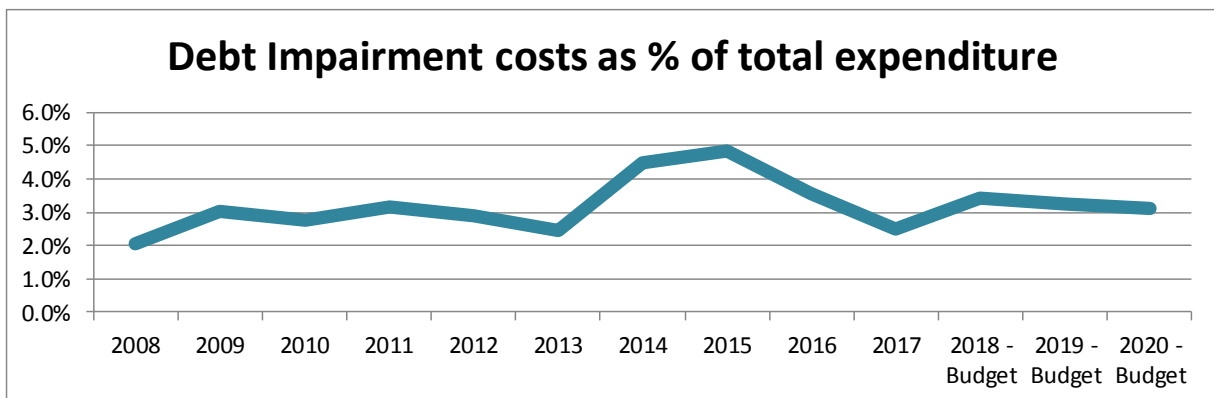
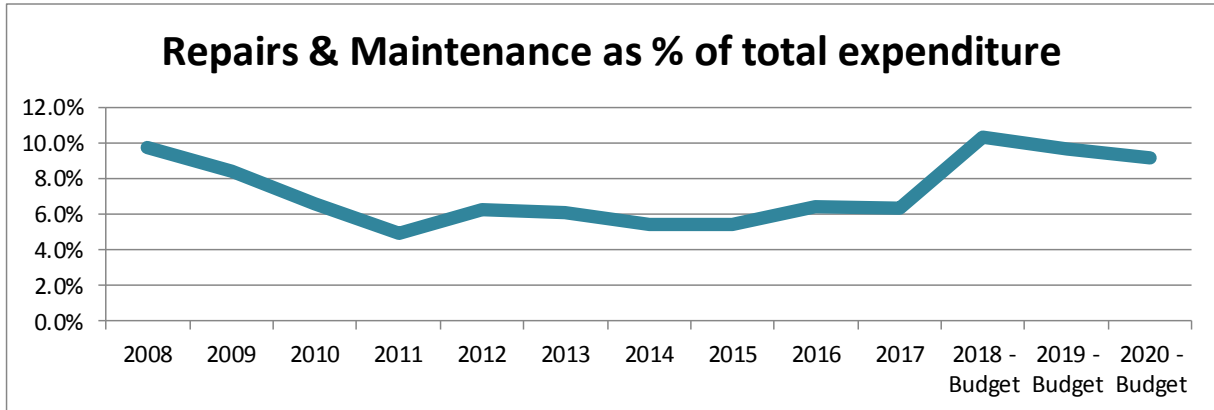


## DEBT RATIOS



## INCOME & EXPENDITURE TRENDS





#### COMMENT ON FINANCIAL RATIOS

Financial sustainability refers to financial accounts which reflect sufficient revenue and adequate corporate stability in order to fund and deliver on service delivery and performance targets, which the above ratios clearly depict.

The ratios also indicate that the Municipality's finances are very sound and show that its funds are sustainable. The graph on grant dependency reiterates this fact with only 15,2% level of reliance on grants.

The Municipality is in a very liquid position with assets of more than double the liabilities. At year-end, the Municipality had short-term investments to the amount of R401 million, which are mostly used to fund future capital expenditure, current liabilities and future employee benefits.

The employee-related costs as a percentage of total expenditure remain within the national norm of 30%.

The arrear debtor collection period of 31 days indicate that credit control measures are in place and are effective.

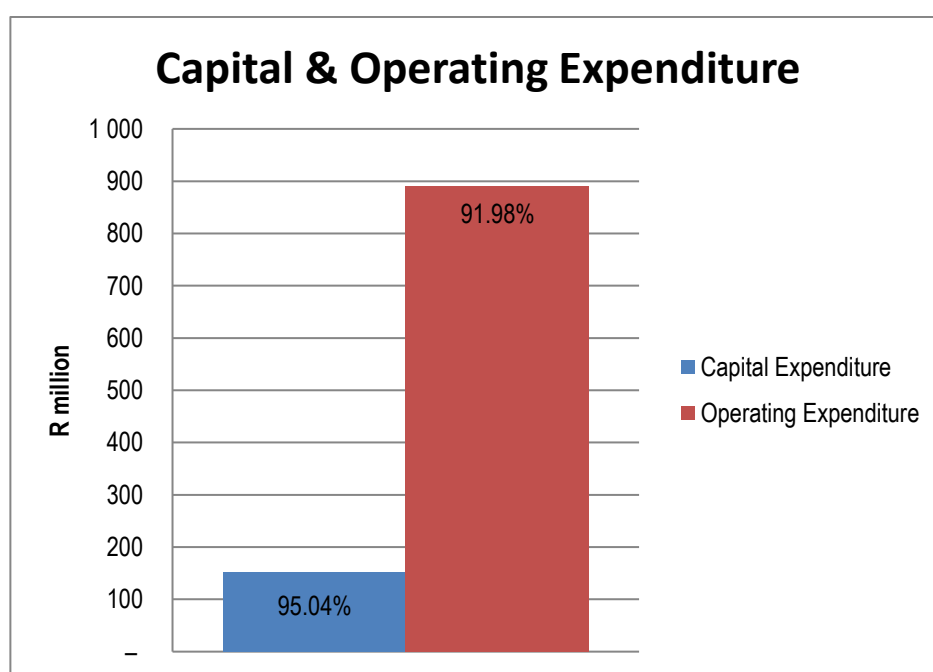


## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

The expenditure on capital items amounted to R144,8 million, which is 95% of the approved budget.

The challenge for the Municipality in the area of capital budget versus actual spending is mostly due to the spending of the housing allocations, but also experienced a delay in the delivery of certain machinery. This financial year the underspending is mainly due to a delay in infrastructure for the housing project.

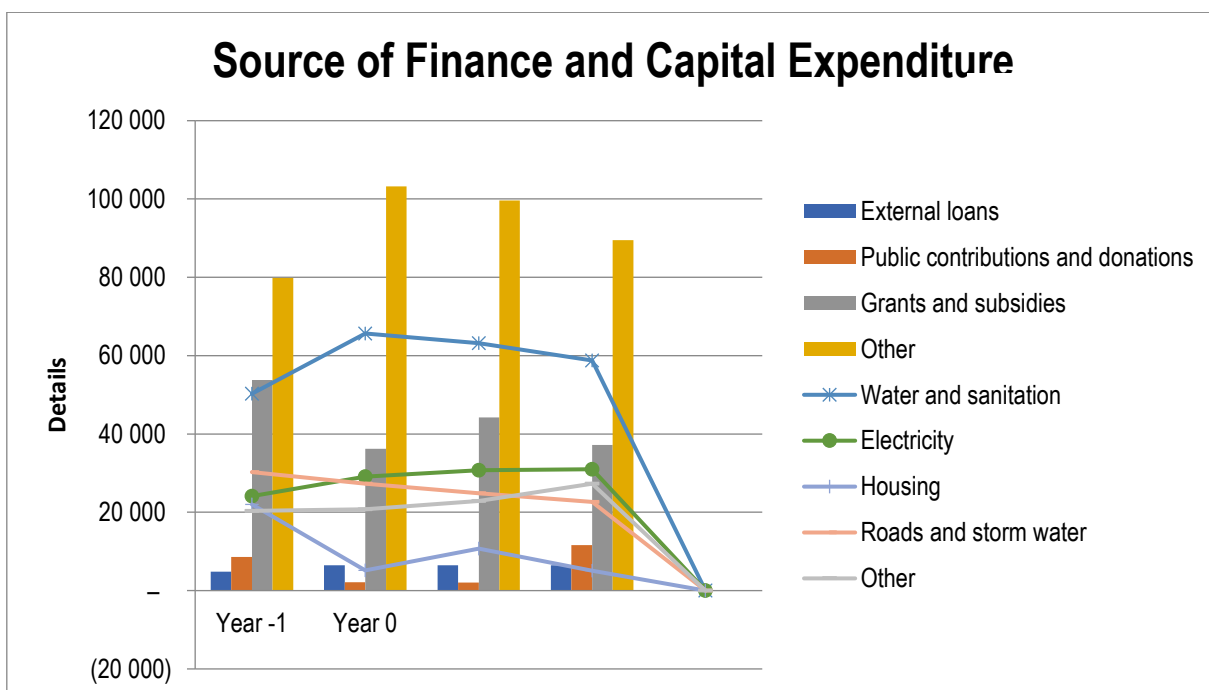
### 5.5 CAPITAL EXPENDITURE



### 5.6 SOURCES OF FINANCE

CAPITAL EXPENDITURE - FUNDING SOURCES: 2016 TO 2017							R' 000
Details	2016			2017		Actual to OB Variance (%)	Actual to OB Variance (%)
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)		
Source of finance							
External loans	4 797	6 500	6 503	6 503	0.05%	0.05%	

CAPITAL EXPENDITURE - FUNDING SOURCES: 2016 TO 2017							R' 000
Details	2016 Actual	Original Budget (OB)	Adjustment Budget	2017 Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Public contributions and donations	8 572	2 129	2 029	11 646	-4.66%	447.12 %	
Grants and subsidies	53 802	36 223	44 210	37 181	22.05%	2.64%	
Other	79 853	103 214	99 634	89 494	-3.47%	- 13.29%	
<b>Total</b>	<b>147 023</b>	<b>148 066</b>	<b>152 376</b>	<b>144 823</b>	<b>13.97%</b>	<b>436.53 %</b>	
<b>Percentage of finance</b>							
External loans	3.3%	4.4%	4.3%	4.5%	0.4%	0.0%	
Public contributions and donations	5.8%	1.4%	1.3%	8.0%	-33.3%	102.4%	
Grants and subsidies	36.6%	24.5%	29.0%	25.7%	157.8%	0.6%	
Other	54.3%	69.7%	65.4%	61.8%	-24.8%	-3.0%	
<b>Capital expenditure</b>							
Water and sanitation	50 286	65 654	63 200	58 774	-3.74%	- 10.48%	
Electricity	24 108	29 122	30 721	30 988	5.49%	6.41%	
Housing	22 014	5 200	10 734	5 089	106.42%	-2.14%	
Roads and storm water	30 260	27 314	24 825	22 677	-9.11%	- 16.98%	
Other	20 355	20 776	22 897	27 296	10.21%	31.38%	
<b>Total</b>	<b>147 023</b>	<b>148 066</b>	<b>152 376</b>	<b>144 823</b>	<b>109.27%</b>	<b>8.19%</b>	
<b>Percentage of expenditure</b>							
Water and sanitation	34.2%	44.3%	41.5%	40.6%	-3.4%	- 127.9%	
Electricity	16.4%	19.7%	20.2%	21.4%	5.0%	78.2%	
Housing	15.0%	3.5%	7.0%	3.5%	97.4%	-26.1%	
Roads and storm water	20.6%	18.4%	16.3%	15.7%	-8.3%	- 207.2%	
Other	13.8%	14.0%	15.0%	18.8%	9.3%	383.1%	



#### COMMENT ON SOURCES OF FUNDING:

The overspending on the Corporate Services vote is mainly due to the donated assets received in the form of the Youth Centre and the Wolwedans Crèche, which was not budgeted for.

The underspending on the Financial Services vote is due to insurance claim expenses for the replacement of a vehicle of which the delivery was delayed.

The underspending on the Technical Services vote is mainly due to a delay in the delivery of machinery at the regional waste water treatments works and the upgrading at the Friemersheim water treatment works,

The underspending on the Community Services vote is due to a delay in the delivery of a back-hoe machine,

The underspending on the vote of Planning and Integrated Services is due to the underspending on the housing infrastructure project.

## 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

CAPITAL EXPENDITURE OF 5 LARGEST PROJECT*					
Name of Project	Original Budget	2017 Adjustment Budget	Actual Expenditure	Variance: 2017	
				Original Variance (%)	Adjustment variance (%)
<b>Electrification Project</b>	8 772	10 401	10 657	-21%	-19%
<b>Asazani/Izinyoka Services</b>	5 200	10 734	5 086	2%	-106%
<b>Upgrade of Water Supply Pipeline from Little Brak</b>	7 265	7 265	6 431	11%	0%
<b>Midbrak Main Sewer Network</b>	6 500	6 503	6 584	-1%	0%
<b>Improve Storm Water: Bakke (Nautica)</b>	5 000	5 900	5 912	-18%	-18%

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is one of the highest priorities within the Mossel Bay Municipality as it creates the platform for sustainable service delivery.

In order to measure the funding of the financial position the Municipality has developed a tool. All principles regarding GRAP needs to be implemented, in order to be able to measure and monitor if the liability reporting lines mentioned below can be funded with cash or near cash.

The liability reporting items are:

- Housing Development Fund;
- Capital Replacement Reserve;
- Employee benefits (current and non-current);
- Provisions (current and non-current);
- Consumer and other deposits (current and non-current);
- Payables from exchange transactions; and
- Unspent conditional grants and subsidies.

## 5.8 CASH FLOW

CASH FLOW OUTCOMES				R'000
Description	2016 Audited Outcome	Original Budget	Current: 2017 Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Ratepayers and other	678 907	700 317	700 317	712 018
Government - operating	83 894	135 065	135 065	120 625
Government - capital	37 584	35 682	35 682	45 030
Interest	28 874	34 420	34 420	34 817
Dividends				
Payments				
Suppliers and employees	(586 697)	(681 900)	(681 900)	(627 634)
Finance charges	(2 602)	(3 145)	(3 145)	(2 894)
Transfers and grants	(72 617)	(74 322)	(74 322)	(73 435)
NET CASH FROM/(USED) OPERATING ACTIVITIES	<b>167 343</b>	<b>146 117</b>	<b>146 117</b>	<b>208 526</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts				
Proceeds on disposal of PPE	6 466	900	900	1 891
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables	415	100	100	435
Decrease (increase) in non-current investments	(12 000)	(12 000)	(12 000)	(12 000)
Payments				
Capital Assets	(136 773)	(152 376)	(152 376)	(135 527)
NET CASH FROM/(USED) INVESTING ACTIVITIES	<b>(141 892)</b>	<b>(163 376)</b>	<b>(163 376)</b>	<b>(145 201)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Short-term loans				
Borrowing long term/refinancing	1 916	3 078	3 078	3 612
Increase (decrease) in consumer deposits	1 389	909	909	2 396
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES	<b>3 306</b>	<b>3 987</b>	<b>3 987</b>	<b>6 008</b>
NET INCREASE/ (DECREASE) IN CASH HELD	<b>28 757</b>	<b>(13 272)</b>	<b>(13 272)</b>	<b>69 333</b>
Cash/cash equivalent at the start of year:	<b>319 252</b>	<b>339 310</b>	<b>339 310</b>	<b>348 009</b>
Cash/cash equivalent at the yearend:	<b>348 009</b>	<b>326 038</b>	<b>326 038</b>	<b>417 342</b>
Source: MBRR A7				T 5.9.1

COMMENT ON CASH FLOW OUTCOMES:

The Municipality generated a net cash increase of R69,3 million for the 2016/17 financial year, compared to R18 million in the previous year. This included net cash from operating activities to the value of R208,5 million rand, whilst investing activities amounted to R145,2 million and net cash from financing activities was R6 million. The biggest contributor to this was the additional cash generated from ratepayers above what the estimated budget amount was.

## 5.9 BORROWING AND INVESTMENTS

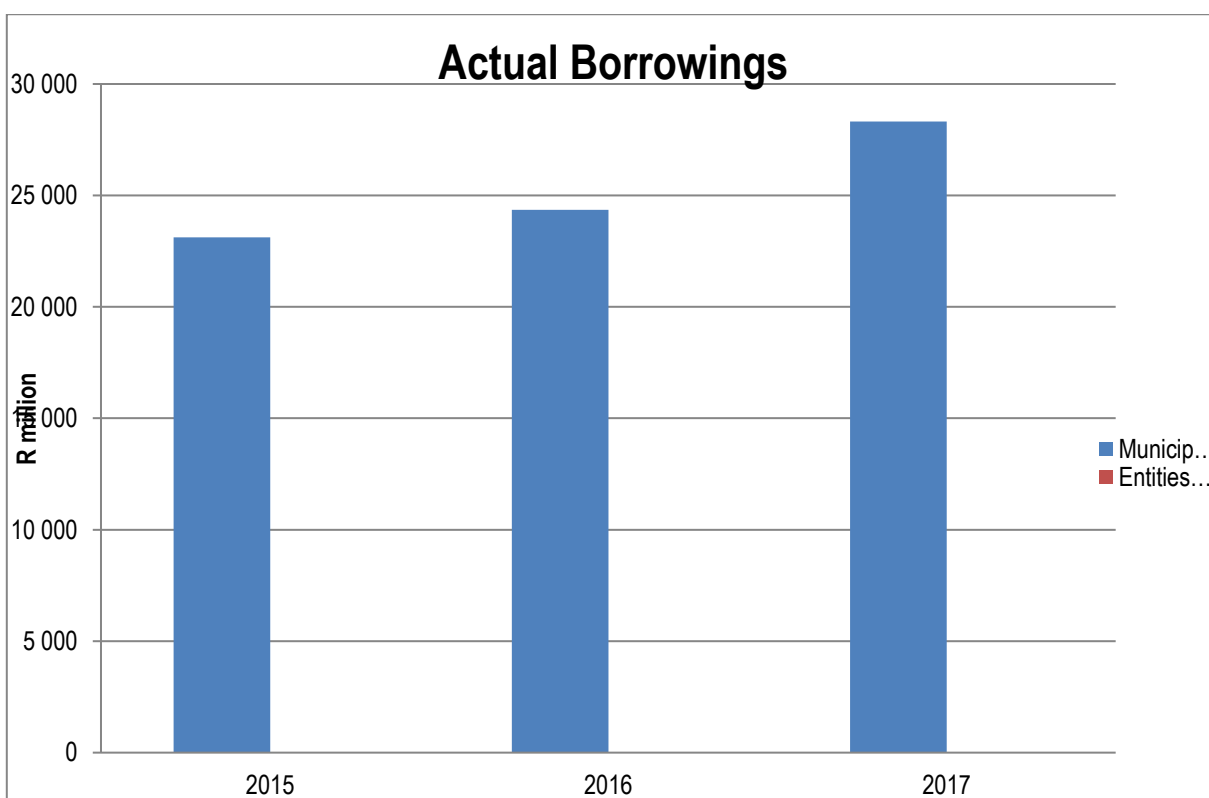
Council has approved a long-term financial plan during the financial year, which sets out the borrowing and investment principles that the Municipality envisages over the next 10 years.

The Municipality does not rely on borrowed funds to fund its capital budget. The main funding source is the Capital Replacement Reserve, to which an annual contribution is made from operating funds.

The Municipality has current investments and call deposits on hand and reviews these investments on a regular basis.

ACTUAL BORROWINGS: 2014 TO 2017			
			R' 000
Instrument	2015	2016	2017
<u>Municipality</u>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)	22344	24166	28297
Local Registered Stock			
Instalment Credit			
Financial Leases	782	192	19
PPP Liabilities			
Finance Granted by Capital Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	23 126	24 358	28 316
<u>Municipal Entities</u>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local Registered Stock			
Instalment Credit			
Financial Leases			
PPP Liabilities			

ACTUAL BORROWINGS: 2014 TO 2017			
<b>Finance Granted by Capital Equipment Supplier</b>			
<b>Marketable Bonds</b>			
<b>Non-Marketable Bonds</b>			
<b>Bankers Acceptances</b>			
<b>Financial derivatives</b>			
<b>Other Securities</b>			
Entities Total	0	0	0



MUNICIPAL AND ENTITY INVESTMENTS			
	R' 000		
Investment* type	2015 Actual	2016 Actual	2017 Actual
<u>Municipality</u>			
<b>Securities - National Government</b>			
<b>Listed Corporate Bonds</b>			
<b>Deposits - Bank</b>	290 097	351 005	425 146
<b>Deposits - Public Investment Commissioners</b>			
<b>Deposits - Corporation for Public Deposits</b>			
<b>Bankers' Acceptance Certificates</b>			

MUNICIPAL AND ENTITY INVESTMENTS			
<b>Negotiable Certificates of Deposit - Banks</b>			
<b>Guaranteed Endowment Policies (sinking)</b>			
<b>Repurchase Agreements - Banks</b>			
<b>Municipal Bonds</b>			
<b>Other</b>			
Municipality Sub-Total	290 097	351 005	425 146
<u>Municipal Entities</u>			
<b>Securities - National Government</b>			
<b>Listed Corporate Bonds</b>			
<b>Deposits - Bank</b>			
<b>Deposits - Public Investment Commissioners</b>			
<b>Deposits - Corporation for Public Deposits</b>			
<b>Bankers' Acceptance Certificates</b>			
<b>Negotiable Certificates of Deposit - Banks</b>			
<b>Guaranteed Endowment Policies (sinking)</b>			
<b>Repurchase Agreements - Banks</b>			
<b>Other</b>			
Entities Sub-Total	0	0	0
Consolidated total:	290 097,41	351 005	425 146

#### COMMENT ON BORROWING AND INVESTMENTS:

The borrowings are made up by a R30 million loan, of which R22 million is still outstanding. The loan was taken up in the 2011/12 financial year for the partial funding of the seawater desalination plant. The rest of the loans was taken up to finance the Midbrak sewerage reticulation network.

At year end 30 June 2017, the Municipality had current investments to the value of R401 million. These investments are reviewed on a regular basis to ensure the best possible return rate.

#### 5.10 PUBLIC PRIVATE PARTNERSHIPS

The Mossel Bay Municipality does not have any Public Private Partnerships.



## **COMPONENT D: OTHER FINANCIAL MATTERS**

### **5.11 SUPPLY CHAIN MANAGEMENT**

#### **INTRODUCTION**

All high capacity municipalities were required to implement the Supply Chain Management Regulations to the Municipal Finance Management Act, No 56 of 2003, on 1 October 2005 and to have a new Supply Chain Management (SCM) Policy in terms of the Regulations in place by the same date.

The Municipality met the requirements with regard to the adoption of a policy and also implemented the prescribed procurement procedures to ensure that all legal requirements were met.

#### **SCM POLICY**

The Policy, which is based on the model policy prescribed by the National Treasury, was reviewed in the 2015/2016 financial year for the 2016/2017 period. The revised Policy incorporated recommendations by the Municipality's internal auditors, the Auditor-General and directives from Provincial and National.

Council approved the revision of the Supply Chain Management Policy on 29 May 2016 (resolution number E89-05/2016) and it came into effect on 1 July 2016 for the 2016/2017 financial year.

The policy was revised again during 2016/2017 as prescribed and Council approved the revision of the Supply Chain Management Policy on 31 May 2017 (resolution number E88-05/2017). It became effective from 1 July 2017 for the 2017/2018 financial year.

The Preferential Procurement Policy Framework Act was amended in and the changes took effect on 1 April 2017. The changes were incorporated or mentioned in the revised Policy for the 2017/2018 financial year. The inclusion of a Model Policy for the Infrastructure Procurement and Delivery Management also formed part of the new adopted policy.

#### **BID COMMITTEES**

The members of the bid committees are all delegated and appointed in terms of legislation and the bid committees function well. The Deputy Town Treasurer: Mr H Le Roux is appointed as the chairperson of the Bid Evaluation Committee upon the retirement of the long serving previous Chairperson, Mr Harry Hill.

All members of the Bid Specification, Bid Evaluation and Bid Adjudication Committees are delegated in writing by the Municipal Manager to serve on the respective committees. The delegations have to be accepted in writing and are kept on record.

The Bid Adjudication Committee is the only standing bid committee. The following persons served permanently on the committee in the 2016/2017 financial year:

- Mr Louis Fourie (Chairperson) : Acting Chief Financial Officer
- Mr D Naidoo (Deputy Chairperson) : Director: Technical Services
- Mr E Jantjies : Director: Corporate Services
- Mr C Venter : Director: Planning and Integrated Services
- Ms E Nel : Director: Community Services
- Ms M Jacobs : Head: Expenditure
- Mr D Scholtz : Manager: Supply Chain Management

Various officials served from time to time as members of the Bid Adjudication Committee, when they were acting in positions of officials who serve on the Bid Adjudication Committee. These officials were duly delegated to be members.

#### SCM UNIT

There was only one vacant position on 30 June 2017 that was budgeted for and on the organogram, namely Administrative Officer: Formal Written Quotations. The vacant position of Manager: Supply Chain Management was filled in April 2017. A request for a transfer was in progress at the end of the year under review. It was aimed at filling the position of Officer: Formal Written Quotations. The positions of Administrative Officer: Logistics and the new Clerk: Buyer position remain vacant but were budgeted for in the 2017/2018 financial year.

#### ACCREDITED SUPPLIER DATABASE

The Mossel Bay Municipality, as well as the other municipalities in the Western Cape, has begun using only the Central Supplier Database with effect from 1 July 2016. Only in extreme cases is the Western Cape Supplier Database (WCSD) being used.

#### TENDER AWARDS

A total of 107 tenders, compared to 134 the previous year, were awarded during the 2016/2017 financial year. This includes validity extensions from previous financial years.

## CONCLUSION

The 2016/2017 financial year was once again a very good year for the SCM unit. Mossel Bay Municipality received its sixth consecutive clean audit from the Auditor-General of South Africa in a row and SCM proudly contributed to that in the previous financial year.

SCM officials consistently endeavour to improve systems and to streamline processes and procedures, but at the same time remain compliant to all applicable legislation. The SCM unit functions very well and Mossel Bay Municipality is frequently commended at the Western Cape Provincial SCM Forum as well as on other platforms. It is considered as a leading municipality in the field of SCM and its processes are often used as “best practice” examples. Municipalities from the Northern Cape, KwaZulu-Natal, Gauteng and the Eastern Cape as well as in the Western Cape and the Eden District regularly contact the SCM unit for assistance.

### 5.12 GRAP COMPLIANCE

#### GRAP COMPLIANCE

GRAP is an acronym for **G**enerally **R**ecognised **A**ccounting **P**ractice and it prescribes the rules by which municipalities are required to maintain their financial accounts.

Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality.

It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable the National Treasury to assess the pace of progress and to consider the implications if not adhered to.

The Mossel Bay Municipality followed the directives issued by the Accounting Standards Board in compiling the 2016/2017 Annual Financial Statements.

## CHAPTER 6 AUDITOR-GENERAL AUDIT FINDINGS

### INTRODUCTION

The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities.

Section 45 of the Municipal Systems Act states that the results of performance measurement must be audited annually by the Auditor-General.

### COMPONENT A: AUDITOR-GENERAL OPINION ON FINANCIAL STATEMENTS 2016

#### 6.1 AUDITOR-GENERAL REPORT YEAR 2016

AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE: 2016	
Audit Report Status	<b>CLEAN AUDIT OUTCOME</b>
Non-Compliance Issues	<b>Remedial Action Taken</b>
<b>None</b>	Not Applicable

### COMPONENT B: AUDITOR-GENERAL OPINION 2017

#### 6.2 AUDITOR-GENERAL REPORT 2017

The Municipality received a clean audit outcome for the year to 30 June 2017 as follows:

“In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).”

The report of the Auditor-General to the Western Cape Provincial Parliament and the Council on the Mossel Bay Municipality stated that the opinion was not modified in respect of matters of emphasis as well as additional matters to which attention had been drawn. A clean audit is defined as: “The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance.”

Auditor-General Report on Financial Performance 2017	
<b>Status of audit report:</b>	<b>CLEAN AUDIT OUTCOME</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
None	Not Applicable

Auditor-General Report on Service Delivery Performance 2017	
<b>Status of audit report:</b>	<b>CLEAN AUDIT OUTCOME</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
None	Not Applicable

**COMMENT ON THE AUDITOR-GENERAL'S OPINION:**

It was a stated management objective also to achieve an unqualified audit opinion for the 2016/2017 financial year.

The Municipality is proud of having achieved its sixth consecutive clean outcome as it is proof of the high standards it sets for itself.

It is also proof of the hard work as well as the resolve of Council, management and personnel to meet and maintain high standard at all times.

## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATIONS AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	FT/PT	Committees Allocated	Party and Ward Represented	Percentage Attendance %	Percentage Apologies for non-attendance %
Councillor E Baron	PT	Corporate Services and Governance Oversight Committee	FF+	94.50%	5.50%
Councillor JC Bayman	FT	Planning and Integrated Services	DA - WARD 14	94.50%	5.50%
Councillor N Bobelo	PT	Corporate Services and Governance Community Services	ANC	94.50%	5.50%
Councillor NC Booisen	FT	Community Services	DA	100%	0%
Councillor J Bruinders	PT	Financial Services Oversight Committee	ANC	100%	0%
Councillor W Buda	PT	Technical Services Community Services	ANC - WARD 12	94.50%	5.50%
Councillor M de Klerk	FT	Financial Services	DA - WARD 11	94.50%	5.50%
Councillor A Dellemijn	FT	Technical Services Executive Mayoral Committee	DA - WARD 5	94.50%	5.50%
Councillor W Fipaza	PT	Technical Services	ANC - WARD 3	94.50%	5.50%
Councillor V Fortuin	FT	Social and Economic Development and Tourism	DA	94.50%	5.50%
Councillor M Furness	PT	Financial Services Corporate Services and Governance Social and Economic Development and Tourism Oversight Committee	DA - WARD 6	94.50%	5.50%
Councillor J Gouws	PT	Financial Services Technical Services Planning and Integrated Services Oversight Committee	ACDP	84.30%	16.60%
Councillor B Groenewald	PT	Corporate Services and Governance Planning and Integrated Services Local Labour Forum	DA - WARD 7	94.50%	5.50%

Councillors, Committees Allocated and Council Attendance					
Council Members	FT/PT	Committees Allocated	Party and Ward Represented	Percentage Attendance %	Percentage Apologies for non-attendance %
		Employment Equity Form Oversight Committee			
Councillor A Janse van Rensburg	PT	Financial Services Technical Services Community Services Oversight Committee	DA - WARD 4	100%	0%
Councillor D Kamfer	PT	Community Services Social and Economic Development and Tourism Oversight Committee	ICOSA	94.50%	5.50%
Councillor M Kannemeyer	PT	Technical Services Community Services Social and Economic Development and Tourism Oversight Committee	DA	100%	0%
Councillor D Kotzé	FT	Corporate Services and Governance Executive Mayoral Committee Local Labour Forum Employment Equity Form	DA - WARD 8	88.89%	11.11%
Councillor H Levendal	FT	Executive Mayoral Committee	DA	84.30%	16.60%
Councillor P Lichaba	PT	Social and Economic Development and Tourism	ANC - WARD 1	100%	0%
Councillor SS Mbandezi	PT	Financial Services Corporate Services and Governance	ANC	88.89%	11.11%
Councillor N Mbolompo	PT	Social and Economic Development and Tourism	ANC - WARD 2	100%	0%
Councillor E Meyer	PT	Financial Services Social and Economic Development and Tourism Local Labour Forum Employment Equity Form	DA - WARD 9	94.50%	5.50%
Councillor T Mvumvu	PT	Community Services Planning and Integrated Services	DA	100%	0%
Councillor L Rauch	PT	Financial Services Corporate Services and Governance Technical Services Planning and Integrated Services	DA	84.30%	16.60%

Councillors, Committees Allocated and Council Attendance					
Council Members	FT/PT	Committees Allocated	Party and Ward Represented	Percentage Attendance %	Percentage Apologies for non-attendance %
Councillor R Ruiters	PT	Corporate Services and Governance Technical Services Community Services	DA - WARD 13	94.50%	5.50%
Councillor J Siyoko	PT	Social and Economic Development and Tourism Oversight Committee	DA	100%	0%
Councillor P Terblanche	FT	Executive Mayoral Committee Local Labour Forum Employment Equity Form	DA	100%	0%
Full Time = FT; Part Time = PT					



## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Technical Services	The Technical Services Committee advises Council on policy, budget planning and resolutions on the two Directorates, namely Technical Services, which is responsible for Water and Sewerage, Planning and Support Services (MIG projects), Mechanical Services (Fleet Management and Telemetry) and Electrical Networks and the Directorate of Planning and Integrated Services in respect of strategic planning and development control, building control and streets and storm water. The Committee is chaired by Councillor A Dellemijn.
Financial Services	The Financial Services Committee advises and makes recommendation to Council on financial matters relating to the budget, credit control, cash flow, loans and investments. The Committee is chaired by Councillor Ms M de Klerk.
Planning and Integrated Services	The Planning and Integrated Services Committee makes recommendations to Council on matters relating to Human Settlement matters. The Committee is chaired by Councillor JC Bayman.
Community Services	The Community Services Committee makes recommendations to Council and advises on matters relating to waste management, parks and recreation, fire services and traffic and law enforcement. The Committee is chaired by Councillor N Booisen.
Social & Economic Development and Tourism	The Social and Local Economic Development Services Committee advises Council and makes recommendations on Socio-Economic Development issues. Furthermore, the Committee advises Council on matters relating to tourism development within the Mossel Bay municipal area. The Committee is chaired by Councillor V Fortuin.
Corporate Services and Governance	The Corporate Services and Governance Committee advises and makes recommendations to Council on matters relating Human Resources and Information Technology. The Committee is chaired by Councillor D Kotzé.
Oversight Committee	The Oversight Committee advises Council on the Annual Report in terms of Chapter 12, Financial Reporting and Auditing of the Local Government: Municipal Finance Management Act, Act 56 of 2003 as well as the budget and financial state of affairs. The Committee consists of the following Councillors: Councillor Ms J Gouws (Chairperson) Councillor E Baron Councillor B Groenewald Councillor M Furness Councillor Ms M Kannemeyer Councillor Ms J Siyoko Councillor Ms A Janse van Rensburg Councillor J Bruinders Councillor D Kamfer

## APPENDIX C –THIRD-TIER ADMINISTRATIVE STRUCTURE

THIRD-TIER STRUCTURE	
Directorate	Director/Manager
<b>Director: Technical Services</b>	
	D Naidoo
Planning and Customer Services	P Harmse
Network Services	C Geldenhuys
Mechanical Services	D Zwiendelaar
Water and Sanitation Distribution	E Louw
Technical Support Services	T van Zyl
<b>Director: Community Services</b>	
	E Nel
Libraries	W Clayton
Parks and Recreation	A Nel
Manager: Community Safety	H Williamson
Cleansing	S Mtila
Public Safety: Fire and Rescue Services	J Johnston
<b>Director: Corporate Services</b>	
	E Jantjies
Manager: Human Resources	C Engelbrecht
Manager: Socio-Economic Development	Ms H Claassen
Head: Planning and Strategic Services	G van der Westhuizen
Support Services	JS Coetzee
Information Technology	A Fraser
<b>Director: Financial Services</b>	
	L Fourie (Acting)
Deputy Town Treasurer Financial Services	HL Le Roux
Supply Chain Management	D Scholtz
Budget and Treasury	V Basson
Income	J Fourie
Expenditure and Costing	M Jacobs
<b>Director: Development and Planning</b>	
	C Venter
Building Control, Municipal Properties and Outdoor Advertising	S Westerberg
Housing	J van Zyl
Town Planning	E Kruger
Streets and Storm Water	P Myburgh

## **APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY**

The Mossel Bay Municipality does not have any entities.

## APPENDIX E – WARD REPORTING

FUNCTIONALITY OF WARD COMMITTEES					
Ward Number	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly reports submitted to Speakers Office on time	Number of quarterly public Ward meetings held during year
<b>1</b>	<b>Councillor P Lichaba</b> Yoliswa Magusha Nomajuda Manana Thandokazi Maloyi Abongile Helem Nomonde Busakwe Charles Yawa Mbhalelwa Dube-Dube Sibabalo Dubula Thozama Malusi	Yes	4	4	0
<b>2</b>	<b>Councillor N Mbolompo</b> Velile Maxham Matheus Ngcana Chantal Jantjies Samson Nase Nomazwe Wright Nomandithini Mabi Eunice George Marinda Gxowa Madelein Gentowana Noluthando Mbovane	Yes	4	4	1
<b>3</b>	<b>Councillor W Fipaza</b> Nomasithini Zenani Thembaletu Faku Sithembiso Kakaza Mandisa Mhla Mzwandile Mkhonto Nompumezo Nkasela Vulindlela Matiwane Mandisa Yali Nonyameko Mnyaka Nonkoliseko Mjacu	Yes	4	4	1
<b>4</b>	<b>Councillor A Janse van Rensburg</b> Barend Potgieter Gertruida Jooste Christiaan Potgieter Petrus Boshoff Pieter Le Roux Elsabe Malan-Barnard Elisabeth Moolman	Yes	4	4	1

Ward Number	FUNCTIONALITY OF WARD COMMITTEES				
	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly reports submitted to Speakers Office on time	Number of quarterly public Ward meetings held during year
	Rose Maart Anna Ruiters Margaret Pietersen				
5	<b>Councillor A Dellemijn</b> Helgaard Müller Daniel Smith Annamarie Ayford George Nezar Johann Muller Andries Radley Annemarie Dellemijn Donovan Claassen Michel Ehrman Anna Gerber	Yes	4	4	0
6	<b>Councillor M Furness</b> Nomabhaca Mengezeleli Tertius Coetzer Nomsa Matiso Jan Viljoen Peggy Roux William Benn Ria Van Wyk Nicolaas Lodewyks Catharina Eigelaar	Yes	4	4	0
7	<b>Councillor B Groenewald</b> Jacob Motloun Wendy Koetzee Frits Nortje Aubrey Karelse Hendrik Floors Corry Brits Freddie Geyer Shunè Plato Norman Macbean Jasmene James	Yes	4	4	0
8	<b>Councillor D Kotzé</b> Lodewyk Coetzee Marika Thomatos Roger Brink Denise Lloyd Tersia Marais Leon van Dyk Hennie Neuhoff Elsa Lamb	Yes	4	4	0

Ward Number	FUNCTIONALITY OF WARD COMMITTEES				
	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly reports submitted to Speakers Office on time	Number of quarterly public Ward meetings held during year
	Schalk van Vuuren Susan Zaayman				
9	<b>Councillor E Meyer</b> Stefaans Grootboom James Malgas Betram Sampson Catherine Bhana Rosina Prins Mathilda Kleinbooi Charles Hendricks Clinton September Stephen October	Yes	4	4	0
10	<b>Councillor P Terblanche</b> Anette Ferreira Marthinus Botha Johannes Coetzee Werner Neuhooff Matthys Nothnagel Pieter Oberholzer Erina Marais Casper Krüger Eliza Enslin Mornay Beukes	Yes	4	4	0
11	<b>Councillor M de Klerk</b> Lulamile Busakwe Nolusindiso Paka Noluthando Moile Nosiphiwo Mngese Colleen Putter William Frost Marius van Wyk Nickey Le Roux Jeanetta Marais Reneë van der Merwe	Yes	3	3	0
12	<b>Councillor W Buda</b> Renay Robertoon Xolelwa Mavili Bafana Ndanda Nokubonga Mkwane Mziyanda Mkhohlo Maggie Welman Zolelwa Butie Sipho Bonile Zwelinjani Matwa	Yes	4	4	3

Ward Number	FUNCTIONALITY OF WARD COMMITTEES				
	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of quarterly Committee meetings held during the year	Number of quarterly reports submitted to Speakers Office on time	Number of quarterly public Ward meetings held during year
<b>13</b>	<b>Councillor R Ruiters</b> Petronella Plato Lorraine Arrison Sonja Cedris Margaret Hermanus Cathleen McCarthy Regina Petersen Elaine Botha Jack Lee Phathiswa Nabela-Silwana Sinethemba Nkwali	Yes	4	4	0
<b>14</b>	<b>Councillor J C Bayman</b> Ewantia Jansen Ismail Hassiem Isak Wildskut Basil Meyer Andries Pikaan Richard Wesso Eric Scott Dancel Josephs Ricardo Pieterse Rosetta Scheepers (Deceased)	Yes	4	4	0

## **APPENDIX F – WARD INFORMATION**

See Appendix N and Appendix O.



## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2017

NR	DATE OF MEETING	ITEM NR	ITEM	RESOLUTION	STATUS AS AT 30 AUGUST 2017
1	26 August 2016	5.1	Information Technology Strategy Review – status update	That the status update on the Information Technology Review be discussed at the next Audit Committee Meeting.	Completed
2	26 August 2016	6.3	Internal Audit	2. That a report on the gaps in the Ignite system and actions that are proposed to address these gaps be tabled at the next Audit Committee meeting.	Completed
3	26 August 2016	6.5	Register of Audit Committee Resolutions	2. That it is noted that the revised Internal Audit Charter as well as the Audit Committee Terms of Reference will be discussed as the next Audit Committee Meeting	Completed. Revised charters approved by Council during June 2017. Refer item 5.1 on Agenda
4	30 November 2016	1	Auditor-General Draft Report	2. That the Director: Financial Services provides the Chairperson with the Final Audit Report. 3. That the Report of the Audit and Performance Audit Committee for the year ended 30 June 2016 be circulated to the members where after it be submitted to the Director: Corporate Services for inclusion in the Annual Report.	2. Completed. 3. Completed
5	10 February 2017	6.3	Internal Audit	3. That the Internal Audit Strategic Plan for 2015 – 2017, as well as the Internal Audit Operational Plan for the 12-month period ending 31 December 2017, be approved, with the inclusion of the additional areas as identified by the	Completed

NR	DATE OF MEETING	ITEM NR	ITEM	RESOLUTION	STATUS AS AT 30 AUGUST 2017
				Municipal Manager during the meeting.	
6	10 February 2017	7.2	Evaluation of the Audit Committee and Internal Audit Function	That the Committee members will meet after the Audit Committee meeting to do evaluations of themselves and that it be part of the next Audit Committee Agenda.	Completed
7	10 February 2017	7.3	Audit Committee: Reporting to Council	Upon a proposal by Mr J van Wyk, seconded by Mr W Pieters, the Audit and Performance Committee report for the year ended 30 June 2016 and the Bi-Annual Performance Audit Committee Reports are approved.	Completed
8	30 May 2017	5.1	Amended internal audit strategic and operational plan	That the amended internal audit strategic and operational plan be approved.	Completed.
9	30 May 2017	7.2	Annual review of Audit Committee Terms of Reference & Internal Audit Charter	That the reviewed Terms of Reference and the Internal Audit Charter be submitted to Council for approval.	Completed – refer item 3 above.

## APPENDIX H – LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2017)				
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager
<b>Sevenstone Investments</b>	Lease of building to Municipality	1-Nov-15	9 years and 11 months	C Venter
<b>Colosseum Hotel Management Company (Pty) Ltd</b>	Lease of Santos and De Bakke Chalets and Resorts	18-Nov-15	30 years	C Venter / N Prins
<b>Digicore Fleet Management Services (Pty) Ltd</b>	Tracking system in municipal fleet	1-Jul-16	30-Jun-21	D Zwiegelaar
<b>Ignite Advisory Services (Pty) Ltd</b>	Ignite system in municipality	1-Jul-16	30-Jun-21	E Jantjies

## **APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE**

The Municipality does not have any entities.

## **APPENDIX J – DISCLOSURES OF FINANCIAL INTEREST**

Not Applicable

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
Vote Description	2016		Current: 2017		2017 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Municipal Manager	51 137	41 112	50 636	81 190	49%	38%
Corporate Services	9 267	2 355	1 628	10 713	78%	85%
Financial Services	100 829	107 746	108 904	110 492	2%	1%
Technical Services	198 150	199 760	211 269	220 469	9%	4%
Community Services	98 197	103 830	113 763	109 394	5%	-4%
Electricity Services	391 507	404 311	417 694	411 880	2%	-1%
Town Planning & Building Control	57 980	68 741	94 192	48 247	-42%	-95%
<b>Total Revenue by Vote</b>	<b>907 067</b>	<b>927 853</b>	<b>998 087</b>	<b>992 384</b>	<b>7%</b>	<b>-1%</b>

### APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	2016		2017		2017 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	94 806	10 1519	10 3858	10 4137	3%	0%
Property rates- penalties and collection charges	365	324	541	514	37%	-5%
Service Charges – electricity revenue	368 091	379 043	390 794	390 278	3%	0%
Service Charges - water revenue	91 423	87 070	96 920	100 915	14%	4%
Service Charges – sanitation revenue	50 408	50 219	49 411	48 669	-3%	-2%
Service Charges - refuse revenue	35 942	36 737	37 081	37 476	2%	1%
Service Charges - other	31 560	30 617	37 027	35 643	14%	-4%
Rentals of facilities and equipment	5 014	4 842	5 304	5 299	9%	0%
Interest earned-external investments	28 187	24 810	32 887	35 094	29%	6%
Interest earned-outstanding debtors	1 334	1 317	1 533	1 635	19%	6%

Revenue Collection Performance by Source						
Description	2016	Original Budget	2017	Actual	2017 Variance	
	Actual		Adjustments Budget		Original Budget	Adjustments Budget
Dividends received	–	–	–	–	–	–
Fines	26 634	28 027	35 698	26 098	-7%	-37%
Licences and permits	6 125	6 123	5 671	6 579	7%	14%
Agency services	–	–	–	–	–	–
Transfers recognised-operational	86 524	129 502	146 829	108 753	-19%	-35%
Other revenue	21 758	10 244	9 147	41 354	75%	78%
Gains on disposal of PPE	828	–	–	1 738	100%	100%
Environmental Protection	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>849 000</b>	<b>890 394</b>	<b>952 702</b>	<b>944 184</b>	<b>5.70%</b>	<b>-0.90%</b>

## APPENDIX L: CONDITIONAL GRANT RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
	Budget	Adjustments Budget				
<b>Operating Expenditure of Transfers and Grants</b>						
Local Government Equitable Share	70 874	70 874	70 823	0%	0%	
Finance Management Grant	1 475	1 475	1 475	0%	0%	
Municipal Systems Improvement	–	–	–	–	–	
Energy Efficiency and Demand Side Management Grant	–	–	–	–	–	
EPWP	1 004	1 004	1 004	0%	0%	
Housing	41 477	56 973	21 225	95%	168%	
Community Development Workers	56	56	56	0%	0%	
Library Services	6 925	6 925	6 925	0%	0%	
Subsidy - Housing Emergency Kits	1 528	2 248	341	349%	560%	
Subsidy - Newsletters	33	33	22	53%	53%	
Housing Trust Fund	–	–	–	–	–	
Thusong Centre Service Grant	165	165	168	-2%	-2%	
Local Government Graduate Internship Grant	–	60	20			
Maintenance & Construction of Transport Infrastructure Grant	59	59	59	0%	0%	
Financial Management Support Grant	–	220	220			
Financial MNGM Capacity Building Grant	120	120	120			
Greenest Municipality Competition		38	38			
<b>Other Specify:</b>						
Disaster Recovery Rehabilitation Funds	–	–	10	-100%	-100%	
SETA	700	700	636	10%	10%	
Public Contributions	936	1 085	1 838	-49%	-41%	
<b>Capital Expenditure of Transfers and Grants</b>						
Public Works (EPWP)	835	835	835	0%	0%	
National Electrification Programme	10 000	10 000	11 857	-16%	-16%	
Disaster Recovery Grant - National	–	1	1	-100%	0%	
Housing (Cap)	5 200	10 734	5 076	2%	111%	
Community Development Workers Grant	–	–	–	–	–	
Library Services Conditional Grant	2 210	3 904	3 894	-43%	0%	
Thusong Centre Service Grant (Cap)	46	46	43	7%	7%	
Maintenance & Construction of Transport Infrastructure Grant (Cap)	–	–	–	–	–	
<b>Other Specify:</b>				–	–	
Disaster Recovery Rehabilitation Funds (Cap)	–	19	9	-100%	116%	
Public Contributions (Cap)	2 100	2 100	300	600%	600%	
<b>Total</b>	<b>145 743</b>	<b>169 673</b>	<b>126 993</b>			

## APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

### APPENDIX M (I): CAPITAL EXPENDITURE – NEW-ASSETS PROGRAMME

CAPITAL EXPENDITURE - NEW ASSET PROGRAMME*				
Description	2016		2017	
	Actual	Original Budget	Adjustments Budget	Actual Expenditure
<b>Capital expenditure by Asset Class</b>				
<b>Infrastructure - Total</b>	<b>32 563</b>	<b>53 565</b>	<b>53 468</b>	<b>37 830</b>
Infrastructure: Road transport - Total	5 227	22 561	20 799	4 478
<i>Roads, Pavements &amp; Bridges</i>	4 995	19 421	17 899	1 592
<i>Storm water</i>	233	3 140	2 900	2 886
Infrastructure: Electricity - Total	11 669	16 942	18 571	19 344
<i>Generation</i>	2 067	1 000	1 000	1 406
<i>Transmission &amp; Reticulation</i>	9 498	15 542	17 171	17 563
<i>Street Lighting</i>	104	400	400	375
Infrastructure: Water - Total	2 383	4 300	4 301	4 412
<i>Dams &amp; Reservoirs</i>	–	–	–	–
<i>Water purification</i>	497	–	–	–
<i>Reticulation</i>	1 886	4 300	4 301	4 412
Infrastructure: Sanitation - Total	13 284	9 762	9 797	9 595
<i>Reticulation</i>	5 754	9 762	9 797	9 595
<i>Sewerage purification</i>	7 530	–	–	–
Infrastructure: Other - Total	–	–	–	–
<i>Waste Management</i>	–	–	–	–
<i>Transportation</i>	–	–	–	–
<i>Gas</i>	–	–	–	–
<i>Other</i>	–	–	–	–
<b>Community - Total</b>	<b>1 507</b>	<b>7 784</b>	<b>9 076</b>	<b>8 667</b>
<b>Parks &amp; Gardens</b>	21	–	–	–
<b>Sports fields &amp; Stadia</b>	218	–	31	27
<b>Swimming Pools</b>	–	–	–	–
<b>Community Halls</b>	–	–	–	–
<b>Libraries</b>	383	2 210	3 904	3 875
<b>Recreational Facilities</b>	695	500	666	661
<b>Fire, Safety &amp; Emergency</b>	–	715	–	–
<b>Security and Policing</b>	97	359	475	351
<b>Buses</b>	–	–	–	–
<b>Clinics</b>	–	–	–	–
<b>Museums &amp; Art Galleries</b>	–	–	–	–



CAPITAL EXPENDITURE - NEW ASSET PROGRAMME*				
Description	2016		2017	
	Actual	Original Budget	Adjustments Budget	Actual Expenditure
<b>Cemeteries</b>	94	4 000	4 000	3 751
<b>Social Rental Housing</b>	–	–	–	–
<b>Other</b>	–	–	–	3
<i>Table continued next page</i>				
<i>Table continued from previous page</i>				
Capital Expenditure - New Asset Programme*				
Description	2016		2017	
	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<u>Capital Expenditure by Asset Class</u>				
<u>Heritage Asset - Total</u>	–	–		–
<b>Buildings</b>				
<b>Other</b>				
<u>Investment Properties - Total</u>	–	–		–
<b>Housing Development</b>				
<b>Other</b>				
<b>-</b>				
<u>Other Assets</u>	<b>38 223</b>	<b>13 993</b>	<b>18 471</b>	<b>19 089</b>
<b>General vehicles</b>	448	365	426	297
<b>Specialised vehicles</b>	0	45 000	40	38 991
<b>Plant &amp; equipment</b>	6 761	5 255	3 154	2 067
<b>Computers - hardware/equipment</b>	750	1 395	1 854	1 142
<b>Furniture and other office equipment</b>	2 176	1 658	2 185	2 418
<b>Abattoirs</b>	–	–	–	–
<b>Markets</b>	–	–	–	–
<b>Civic Land and Buildings</b>	5 958	–	–	–
<b>Other Buildings</b>	117	–	–	7 993
<b>Other Land</b>	22 014	5 200	10 734	5 089
<b>Surplus Asset - (Investment or Inventory)</b>	–	–	–	–
<b>Other</b>	–	75	78	46
<u>Agricultural Asset</u>	–	–		–
<i>List sub-class</i>				
<u>Biological Asset</u>	–	–		–

CAPITAL EXPENDITURE - NEW ASSET PROGRAMME*				
Description	2016		2017	
	Actual	Original Budget	Adjustments Budget	R '000 Actual Expenditure
<b>List sub-class</b>				
<u>Intangibles</u>	–	–		–
<b>Computers - software &amp; programming</b>				
<b>Other (list sub-class)</b>				
Total Capital Expenditure on new Asset	<b>72 293</b>	<b>75 341</b>	<b>81 016</b>	<b>65 586</b>
<u>Specialised vehicles</u>	–	<b>45</b>		<b>39</b>
<b>Refuse</b>	0	0	–	0
<b>Fire</b>	0	45 000	40 000	38 991
<b>Conservancy</b>	0	0	0	0
<b>Ambulances</b>	0	0	0	0
<b>* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)</b>				

## APPENDIX M (II): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME*				
Description	R '000			
	2016 Actual	Original Budget	2017 Adjustments Budget	Actual Expenditure
<b>Capital Expenditure by Asset Class</b>				
<b>Infrastructure - Total</b>	<b>63 427</b>	<b>57 011</b>	<b>58 490</b>	<b>55 122</b>
<b>Infrastructure: Road Transport -Total</b>	<b>36 862</b>	<b>16 774</b>	<b>16 709</b>	<b>16 905</b>
<i>Roads, Pavements &amp; Bridges</i>	30 399	7 424	6 529	6 881
<i>Storm Water</i>	6 463	9 350	10 180	10 024
<b>Infrastructure: Electricity - Total</b>	<b>11 518</b>	<b>10 695</b>	<b>10 695</b>	<b>10 297</b>
<i>Generation</i>	391	835	835	847
<i>Transmission &amp; Reticulation</i>	11 078	9 860	9 860	9 450
<i>Street Lighting</i>	49	–	–	–
<b>Infrastructure: Water - Total</b>	<b>10 855</b>	<b>22 541</b>	<b>22 567</b>	<b>20 658</b>
<i>Dams &amp; Reservoirs</i>	–	–	–	–
<i>Water Purification</i>	–	2 100	2 239	1 434
<i>Reticulation</i>	10 855	20 441	20 328	19 225
<b>Infrastructure: Sanitation - Total</b>	<b>3 927</b>	<b>7 001</b>	<b>8 504</b>	<b>7 262</b>
<i>Reticulation</i>	1 108	5 401	3 633	2 482
<i>Sewerage Purification</i>	2 820	1 600	4 872	4 780
<b>Infrastructure: Other - Total</b>	<b>265</b>	<b>–</b>	<b>15</b>	<b>–</b>
<i>Waste Management</i>	265	–	15	–
<i>Transportation</i>	–	–	–	–
<i>Gas</i>	–	–	–	–
<i>Other</i>	–	–	–	–
<b>Community</b>				
<b>Parks &amp; Gardens</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Sports Fields &amp; Stadiums</b>	<b>3 429</b>	<b>3 812</b>	<b>3 992</b>	<b>3 972</b>
<b>Swimming Pools</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Community Halls</b>	<b>–</b>	<b>100</b>	<b>164</b>	<b>163</b>
<b>Libraries</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Recreational Facilities</b>	<b>38</b>	<b>50</b>	<b>115</b>	<b>106</b>
<b>Fire, Safety &amp; Emergency</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Security and Policing</b>	<b>837</b>	<b>580</b>	<b>530</b>	<b>579</b>
<b>Buses</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Clinics</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Museums &amp; Art Galleries</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Cemeteries</b>	<b>132</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Social Rental Housing</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other</b>	<b>130</b>	<b>–</b>	<b>–</b>	<b>–</b>

CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME*				
				R '000
Description	2016 Actual	Original Budget	2017 Adjustments Budget	Actual Expenditure
<u>Heritage Asset</u>	–	–		–
Buildings				
Other				
<i>Table continued next page</i>				
<i>Table continued from previous page</i>				
Capital Expenditure - Upgrade/Renewal Programme*				
				R '000
Description	Year -1	Year 0		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<u>Capital expenditure by Asset Class</u>				
<u>Investment properties</u>	–	–		–
Housing development				
Other				
<u>Other Assets</u>	<b>6 737</b>	<b>11 172</b>	<b>8 071</b>	<b>5 942</b>
General vehicles	2 864	2 180	2 199	2 049
Specialised vehicles	0	2 950	1 230	1 175
Plant & equipment	915	4 110	2 252	1 820
Computers - hardware/equipment	2 196	1 333	1 400	251
Furniture and other office equipment	203	343	661	315
Abattoirs	–	–	–	–
Markets	–	–	–	–
Civic Land and Buildings	210	155	231	234
Other Buildings	347	100	97	97
Other Land	–	–	–	–
Surplus Asset - (Investment or Inventory)	–	–	–	–
Other	2	–	–	–
<u>Agricultural Asset</u>	–	–		–
<i>List sub-class</i>				
<u>Biological Asset</u>	–	–		–
<i>List sub-class</i>				
<u>Intangibles</u>	–	–		–
Computers - software & programming				
Other ( <i>list sub-class</i> )				

CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME*				
				R '000
Description	2016 Actual	Original Budget	2017 Adjustments Budget	Actual Expenditure
Total Capital Expenditure on renewal of existing Asset	<b>74 730</b>	<b>72 725</b>	<b>71 361</b>	<b>65 884</b>
<u>Specialised vehicles</u>	–	<b>2 950</b>	<b>1 230</b>	<b>1 175</b>
<b>Refuse</b>	–	–	–	–
<b>Fire</b>	–	2 950	1 230	1 175
<b>Conservancy</b>	–	–	–	–
<b>Ambulances</b>				
<i>* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)</i>				

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2017

CAPITAL PROGRAMME BY PROJECT: 2017					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
Water					
Replacement of Electrical Plant and Equipment-Ruiterbos	60	–	–	–	–
Upgrading of Ruiterbos WTW	500	220	196	-12%	-155%
Furniture, Tools & Equipment	–	1	1	0%	100%
Machinery & Equipment (New)	50	50	39	-28%	-28%
Machinery & Equipment (Replacement)	30	30	18	-71%	-71%
Replacement of Vehicles	300	300	233	-29%	-29%
New Inline Turbidity Meters at Little Brak River Water Works Sandfilters	550	465	465	0%	-18%
Pipework -Little Brak River	600	687	600	-14%	0%
Mechanical Plant & Equipment- Little Brak River	600	181	–	–	–
Laboratory Instrumentation and Equipment	100	189	189	0%	47%
Mechanical Plant & Equipment-Sandhoogte	600	430	419	-3%	-43%
Replacement of Electrical Plant and Equipment-Sandhoogte	250	–	–	–	–
Motorised Gate	–	26	19	-39%	100%
Pipework -Great Brak River	500	465	465	0%	-8%
Upgrading of Friemersheim WTW	500	306	173	-77%	-189%
Replacement of Electrical Plant and Equipment-Friemersheim	200	200	170	-18%	-18%
New Connections	500	500	570	12%	12%
Furniture & Office Equipment	45	45	19	-139%	-139%
Telemetry: Expansion New System	200	199	199	0%	0%
New Multi-Purpose Trailer	45	40	39	-3%	-15%
Replace Water Network Lines-All Areas	2 918	1 918	1 873	-2%	-56%
Replace Water Network Lines-All Areas	732	732	732	0%	0%
New 2-way Radios (Water Distribution Services)	30	33	30	-11%	-2%
Increase Water Supply Pipe Diameter to De Lange Extension	200	261	17	-1395%	-1045%
Extend Friemersheim Water Network	800	875	842	-4%	5%
Replacement of Vehicle: CBS 33238	300	279	271	-3%	-11%
New pipeline between Langeberg Pump Station and Bartelsfontein reservoir	2 947	2 947	2 948	0%	0%

CAPITAL PROGRAMME BY PROJECT: 2017					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) % R' 000
<b>Water Management Solutions</b>	2 000	2 930	2 861	-2%	30%
<b>Replacement of Fencing at Reservoirs</b>	500	520	512	-2%	2%
<b>Upgrade of Water Supply Pipeline from Little Brak River WTW to Langeberg Reservoirs</b>	6 926	6 926	6 926	0%	0%
<b>Upgrade of Water Supply Pipeline from Little Brak River WTW to Langeberg Reservoirs</b>	7 265	7 265	6 441	-13%	-13%
<b>Replace Pump at Omega Pump Station</b>	200	175	175	0%	-15%
<b>Herbertsdale Middle Income Housing Sites-Water</b>	53	53	52	-1%	-1%
<b>Herbertsdale-Water Pump Station</b>	–	1	–	–	–
Sanitation/Sewerage					
<b>Increase Pinnacle Point Waste Water Treatment Works Capacity</b>	500	500	442	-13%	-13%
<b>Machinery &amp; Equipment</b>	10	10	1	-1074%	-1074%
<b>Instrumentation-Purification Services</b>	500	45	45	0%	-1022%
<b>Furniture &amp; Office Equipment</b>	20	20	18	-9%	-9%
<b>Computer Equipment</b>	20	20	12	-68%	-68%
<b>Machinery &amp; Equipment</b>	10	10	–	–	–
<b>Mechanical Plant and Equipment-Regional Plant</b>	500	–	–	–	–
<b>Replacement of Electrical Plant and Equipment</b>	600	–	–	–	–
<b>Laboratory Instrumentation and Equipment</b>	115	115	58	-98%	-98%
<b>Rehabilitation of Pond Systems-Regional Plant</b>	1 000	83	50	-65%	-1899%
<b>Fencing and Ancillary Works-Regional Plant</b>	50	50	41	-22%	-22%
<b>New Generator for the Regional WWTW</b>	2 000	–	–	–	–
<b>New Brush Cutter for the Water and Wastewater Treatment Works</b>	80	56	56	0%	-42%
<b>Installation of Camera Security System-Regional Plant</b>	140	140	131	-7%	-7%
<b>Upgrading of the Regional WWTW</b>	500	5 207	3 875	-34%	87%
<b>Upgrading of Great Brak River WWTW</b>	400	62	63	1%	-538%
<b>Installation of Camera Security System-Great Brak River</b>	110	110	87	-26%	-26%
<b>Furniture &amp; Office Equipment</b>	20	20	9	-113%	-113%
<b>Machinery &amp; Equipment</b>	10	–	–	–	–
<b>Computer Equipment</b>	25	25	–	–	–

CAPITAL PROGRAMME BY PROJECT: 2017					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
Upgrading of Herbertsdale Sewer Pump Station to Accommodate New Housing Development	200	400	400	0%	50%
Increase Sewer Pipeline @ Herbertsdale to Accommodate New Housing Development	900	450	452	0%	-99%
Replacement of Sewer Pipelines Between Mossel Bay and Hartenbos	1 401	500	444	-13%	-216%
New Generator for Friemersheim Sewer Pump Station	220	160	155	-3%	-42%
New Level-Sensor for Sewer Pits	50	50	43	-16%	-16%
New Connections	300	150	86	-73%	-247%
Upgrade Pump Station at St,Blaize	100	100	81	-23%	-23%
Standby Pump at Harbour Pump Station	200	193	110	-75%	-82%
Upgrade Telemetry	100	100	98	-2%	-2%
Upgrade Entrance Road to Friemersheim Sewer Pump Station	–	35	35	0%	100%
Midbrak Main Sewer Network	6 500	6 503	6 503	0%	0%
Midbrak Main Sewer Network - CRR	–	–	81	100%	100%
Furniture & Office Equipment	50	50	40	-25%	-25%
New Multi-Purpose Trailer	45	40	39	-3%	-15%
Refurbish New Sewer Lines: D'Almeida	1 000	1 000	893	-12%	-12%
New 2-Way Radios	25	43	40	-8%	37%
Replace Sewer Lines: Tarka	500	425	424	0%	-18%
Replace High Pressure Jetting Machine	500	415	405	-3%	-23%
Construct Retaining Wall on Erf 3877, Menkenkop	500	500	502	0%	0%
Replacement of Vehicles: CBS 33243	400	340	319	-7%	-25%
Honey Sucker	1 100	964	918	-5%	-20%
Extend Friemersheim Sewer Network	1 500	1 825	1 817	0%	17%
Capacity increase of Great Brak River WWTW	400	91	41	-121%	-874%
Herbertsdale Middle Income Housing Sites-Sewerage	162	162	79	-106%	-106%
Electricity					
Furniture & Office Equipment (New)	5	7	7	0%	27%
Furniture & Office Equipment (Replacement)	5	3	3	0%	-65%
Replacement Network Hartenbos	835	827	847	2%	1%
Replacement Network Low Voltage	100	93	93	0%	-8%
New Connections	1 000	1 410	1 406	0%	29%



CAPITAL PROGRAMME BY PROJECT: 2017					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
<b>Capital Spares (Replace Mini Substations)</b>	1 250	1 190	1 189	0%	-5%
Replace MV Ring Main Units	1 000	1 040	1 043	0%	4%
Electrification Project	8 772	10 401	10 401	0%	16%
Electrification Project - CRR	–		256	100%	100%
Tools & Equipment	150	143	119	-20%	-26%
Replacement of Vehicles: CBS 33234	340	330	328	-1%	-4%
Replacement of Vehicles: CBS 33242	340	325	313	-4%	-9%
66kv Overhead Line Upgrade- Intake to South Substation	3 500	3 220	3 167	-2%	-11%
High Mast and Flood Lights for Various Wards	400	400	375	-7%	-7%
Electrical Workshop Upgrading	150	157	154	-2%	3%
11 kV Overhead Line Upgrade- Sandhoogte	300	–	–	–	–
Saunders 66/11kV Substation	600	–	–	–	–
Replace Surge Generator 165kV	500	500	461	-8%	-8%
Replace Low Voltage Network (Little Brak River)	400	350	316	-11%	-27%
Renewable Energy	1 560	2 200	2 045	-8%	24%
New 10MVA Transformer South Substation	1 000	1 600	1 600	0%	37%
RMU with Metering Unit at Eskom Second Point of Supply	400	310	297	-4%	-35%
New 11kV Feeder Danabay	2 400	2 350	2 293	-2%	-5%
New 11kV Feeder between Midbrak Substation and Great Brak River	970	810	784	-3%	-24%
Install Three Way 630A Outdoor Switchgear at Eskom Substation Great Brak River	400	310	332	7%	-21%
Replace LV Overhead Lines with Underground Cable-Ward 8	700	700	716	2%	2%
Ockert Bothma Substation	800	800	803	0%	0%
Upgrade Switchgear and Feeder no 1 Mossdusria	200	200	139	-44%	-44%
Replace Switchgear Fraaiuitsig Substation	500	500	410	-22%	-22%
Replace Existing Long Street Wooden Poles with New Street Light Poles	200	180	178	-1%	-12%
Install New 22kV Circuit Breaker at Dup Substation (Little Brak River Intake Substation)	200	250	41	-510%	-388%
Donated Asset: Electrical Reticulation Services to Vogelsang Park	–		756	100%	100%
Furniture & Office Equipment	3	–	(0)	100%	819%

CAPITAL PROGRAMME BY PROJECT: 2017					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
<b>Computer Equipment</b>	2	7	7	0%	69%
<b>Machinery &amp; Equipment-New</b>	20	11	11	4%	-75%
<b>Machinery &amp; Equipment-Replacement</b>	20	–	–	–	–
<b>Upgrading of Mechanical Workshop</b>	100	97	97	0%	-3%
Housing					
<b>Asazani/Izinyoka Services (Phases 4)</b>	5 200	10 734	5 086	-111%	-2%
<b>Sonskynvallei/Powertown Relocation (152 Sites)</b>			3	100%	100%
Refuse Removal					
<b>Furniture &amp; Office Equipment</b>	5	9	5	-64%	6%
<b>Replacement of Vehicles: CBS 27393</b>	1 500	–	–	–	–
<b>Green Waste Chipper</b>	500	–	–	–	–
<b>Building Rubble Crasher</b>	500	–	–	–	–
<b>Rebuilding of Compactor Units (CBS 18891)</b>	–	–	–	–	–
<b>Purchase of Canopy: CBS 35088</b>	–	7	7	0%	100%
<b>Purchase of Canopy: CBS 17997</b>	–	8	8	-1%	100%
<b>Purchase of Canopy: CBS 39950</b>	–	11	10	-14%	100%
<b>Pressure Pump</b>	–	15	15	0%	100%
<b>Back Hoe Machinery</b>	–	1 036	–	–	–
<b>Construction of a Concrete Slab Roof on Guard House at Louis Fourie Road Waste Disposal Site</b>	–	–	–	–	–
<b>Conversion of a Compactor to Transport the Back Hoe</b>	–	100	92	-8%	100%
<b>Fencing of Existing Formalised Rubbish Dumping Area in Zone 7 (PA Camp)</b>	–	25	14	-84%	100%
<b>Fencing of Existing Formalised Rubbish Dumping Area Next to 53 Maqabanqa Street Opposite Khanyisa Crèche</b>	–	25	14	-84%	100%
<b>Fencing of Existing Formalised Rubbish Dumping Area at End Of John Mapisa Street</b>	–	25	14	-84%	100%
<b>Fencing of Existing Formalised Rubbish Dumping Area at Back of 20 Lingeletu Street, Elangeni</b>	–	25	14	-84%	100%
Stormwater					
<b>Formalise Storm Water Channels</b>	200	200	199	-1%	-1%
<b>Improve Storm Water: Amy Searle Greenhaven</b>	200	200	199	-1%	-1%
<b>New Concrete Storm Water Channel, Deoville Park, Hartenbos Hills</b>	400	400	399	0%	0%

CAPITAL PROGRAMME BY PROJECT: 2017					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
<b>Upgrade of Storm Water Watercourse, A Ferox, Dana Bay</b>	750	680	674	-11%	-11%
<b>Upgrade Storm Water At Kiewiet,Cupido,Sinkfontein To Alhof-D'Almeida</b>	1 000	1 000	976	-2%	-2%
<b>Improve Storm Water: Bakke(Nautica)</b>	5 000	5 900	5 912	15%	15%
<b>New Storm Water System from Benton Crescent to the River (Herbertsdale)</b>	1 800	1 300	1 266	-42%	-42%
<b>Upgrading of Storm Water System from Santos Beach to George Road</b>	2 600	2 470	2 462	-6%	-6%
<b>Dedicated Server</b>	40	29	29	-40%	-40%
<b>Cut-Off Drains: Seemeeupark</b>	–	271	271	100%	100%
<b>Glentana Parking Outlet</b>	–	1	1	100%	100%
<b>S/W Network Capacity Problems (Strand to Marsh Street)</b>	–	1	1	100%	100%
<b>Murray Street Embankment</b>	–	7	–	–	–
<b>Stormwater Channel from Mooney To Frans-Adriaans</b>	500	460	524	5%	5%
Economic Development					
<b>Paving-Erf 6412</b>	150	149	149	0%	-1%
<b>Furniture &amp; Office Equipment</b>	2	2	1	-59%	-59%
<b>Furniture &amp; Office Equipment-New-Socio Economic Development</b>	16	16	16	-1%	-1%
<b>Furniture &amp; Office Equipment-Replacement(Indoor)</b>	5	5	4	-13%	-13%
<b>Furniture &amp; Office Equipment-New(Indoor)</b>	1	1	1	-23%	-19%
<b>Furniture &amp; Office Equipment-New(LED)</b>	8	12	11	-10%	29%
<b>Purchase of Sewing Machines for Sewing Project</b>	30	25	25	0%	-19%
<b>Photocopy Machine-Youth</b>	11	9	8	-6%	-32%
<b>Erecting of Garage Door in Hartenbos</b>	5	6	6	0%	14%
<b>Fire Extinguishers for Subsidised Beehives</b>	22	13	11	-27%	-108%
<b>Revamp of Indoor Sports Centre</b>	100	100	96	-5%	-5%
<b>HIV/AIDS Mascot</b>	10	11	11	0%	7%
<b>Sewing Machines-Donated</b>	–	2	–	–	–
<b>Furniture, Tools and Equipment - Donated Asset</b>	–	–	429	100%	100%
<b>Donated Asset: Youth Centre Building on Erf 496</b>	–		5 514	100%	100%
<b>Donated Asset: Creche Building on Erf 3896, Wolwedans</b>	–		450	100%	100%

CAPITAL PROGRAMME BY PROJECT: 2017					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) % R' 000
<b>Furniture &amp; Office Equipment</b>	17	19	17	-14%	2%
<b>Computer Equipment</b>	5	2	2	0%	-97%
<b>Installation of Loud Hailing System</b>	7	6	6	0%	-2%
<b>Data Projector</b>	7	6	6	0%	-26%
<b>Water Dispenser-Thusong Centre</b>	5	7	6	-3%	17%
<b>Upgrading of Kitchen Facility: Thusong Centre</b>	–	46	46	0%	100%
Sports, Arts & Culture					
<b>Machinery &amp; Equipment-New</b>	4	4	3	-25%	-25%
<b>Machinery &amp; Equipment-Replacement</b>	8	8	4	-99%	-99%
<b>Bins</b>	–	40	33	-20%	100%
<b>Sunshades</b>	–	126	126	0%	100%
<b>Construction of Braais</b>	–	94	92	-3%	100%
<b>Donated Sheep</b>	–	3	3	0%	100%
<b>Machinery &amp; Equipment-New</b>	50	42	41	-1%	-21%
<b>Furniture &amp; Office Equipment-New</b>	–	8	9	12%	100%
<b>Upgrade Play Park: Asazani</b>	50	15	15	0%	-244%
<b>Kudu Lawnmowers X3</b>	80	86	83	-4%	3%
<b>New Fence Between Tolbos and Peperboom Street</b>	40	–	–	–	–
<b>Electric fence at SPCA</b>	29	29	–	–	–
<b>Electric fence at SPCA</b>	31	30	30	0%	-2%
<b>New Canopy -CBS 39154</b>	–	11	–	–	–
<b>Furniture &amp; Office Equipment-New</b>	10	20	19	-6%	47%
<b>Furniture &amp; Office Equipment-Replacement</b>	10	–	–	–	–
<b>Machinery &amp; Equipment-New</b>	10	10	8	-26%	-26%
<b>Machinery &amp; Equipment-Replacement</b>	10	10	9	-13%	-13%
<b>Upgrade the Ext 23 KwaNonqaba/D'Almeida Sports Fields</b>	3 812	3 812	3 816	0%	0%
<b>Great Brak Bowling Club</b>	–	1	–	–	–
<b>2 X Battery-Operated Line-Marking Machines</b>	–	30	27	-13%	100%
<b>Rebuilding of Cricket Pitch-D'Almeida Stadium</b>	–	180	156	-15%	100%
Environment					
Health					
Safety and Security					
<b>Furniture &amp; Office Equipment</b>	9	17	16	-4%	45%
<b>Computer Equipment</b>	6	18	17	-4%	64%
<b>Safety and Security Service Stun Guns</b>	160	140	140	0%	-14%
<b>Speed Humps: John Brown, Extension 13</b>	–	25	22	-14%	100%
<b>Furniture &amp; Office Equipment (Law Enforcement-New)</b>	9	13	13	-4%	29%

CAPITAL PROGRAMME BY PROJECT: 2017					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) % R' 000
<b>Furniture &amp; Office Equipment (Law Enforcement)</b>	6	6	6	0%	2%
<b>Two-Way Portable Radio's</b>	35	31	31	0%	-14%
<b>Firefighting Equipment and Hazmat Equipment</b>	60	60	49	-23%	-23%
<b>Furniture &amp; Office Equipment</b>	60	60	60	-1%	-1%
<b>Machinery &amp; Equipment</b>	–	–	–	–	–
<b>Replacement of Vehicles: CBS 21502</b>	1 450	1 230	1 175	-5%	-23%
<b>Breathing Apparatus Sets Complete with Composite Cylinder and Facemask</b>	70	–	66	100%	-5%
<b>KwaNonqaba: New Fire Station and Disaster Management Centre</b>	715	–	–	–	–
<b>Intrinsically Safe Firefighting Torch X30</b>	–	90	78	-15%	100%
<b>Portable Hand-Held Radio</b>	–	105	92	-14%	100%
<b>Upgrade/Conversion of Rescue Tools</b>	–	50	43	-15%	100%
ICT and Other					
<b>Computers (New-Other)</b>	563	628	23	2689%	-2400%
<b>Computers (Replacement-Electricity)</b>	44	44	–	–	–
<b>Computers (Replacement-Other)</b>	1 231	1 201	127	-842%	-866%
<b>Data Load Balancer</b>	55	55	49	-12%	-12%
<b>Network Switches</b>	70	73	73	0%	4%
<b>VM Solutions Data Capacity</b>	650	732	650	-13%	0%
<b>Air Conditioning and Humidity Control of IT Disaster Recovery and HR Archives at Old Power Station Vault</b>	–	23	23	0%	100%
<b>4 x POE Switches for IP telephones</b>	–	26	26	0%	100%
<b>Radio Network Backbone redundancy</b>	–	47	47	0%	100%
<b>Replacement of UPS at Disaster Recovery Site</b>	–	30	30	0%	100%
<b>Firewall and Intrusion Prevention</b>	–	188	188	0%	100%

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2017

CAPITAL PROGRAMME BY PROJECT BY WARD: 2017		
Capital Project	Ward(s) affected	R' 000 Works completed (Yes/No)
<b>Water</b>		
Replacement Of Electrical Plant And Equipment-Ruiterbos	14	Yes
Upgrading of the Ruiterbos WTW	14	Yes
Furniture, Tools & Equipment	16	Yes
Machinery & Equipment (New)	16	Yes
Machinery & Equipment (Replacement)	16	Yes
Replacement of Vehicles	16	Yes
New Inline Turbidity Meters at Little Brak River Water Works Sandfilters	16	Yes
Pipework -Little Brak River	16	Yes
Mechanical Plant and Equipment- Little Brak River	16	Yes
Laboratory Instrumentation and Equipment	16	Yes
Mechanical Plant and Equipment-Sandhoogte	16	Yes
Replacement of Electrical Plant and Equipment-Sandhoogte	16	Yes
Motorised Gate	5	Yes
Pipework -Great Brak River	5	Yes
Upgrading of Friemersheim WTW	14	No
Replacement of Electrical Plant and Equipment-Friemersheim	14	Yes
New Connections	16	Yes
Furniture and Office Equipment	17	Yes
Telemetry: Expansion New System	16	Yes
New Multi-Purpose Trailer	16	Yes
Replace Water Network Lines-All Areas	16	Yes
Replace Water Network Lines-All Areas	16	Yes
New 2-Way Radios (Water Distribution Services)	16	Yes
Increase Water Supply Pipe Diameter to De Lange Extension	5	Yes
Extend Friemersheim Water Network	14	Yes
Replacement of Vehicle: CBS 33238	16	Yes
New Pipeline between Langeberg Pump Station and Bartelsfontein Reservoir	16	Yes
Water Management Solutions	16	Yes
Replacement of Fencing at Reservoirs	16	Yes
Upgrade of Water Supply Pipeline from Little Brak River WTW to Langeberg Reservoirs	15	Yes
Upgrade of Water Supply Pipeline from Little Brak River WTW to Langeberg Reservoirs	15	Yes
Replace Pump at Omega Pump Station	16	Yes
Herbertsdale Middle Income Housing Sites-Water	7	Yes
Herbertsdale-Water Pump Station	7	Yes
<b>Sanitation/Sewerage</b>		
Increase Pinnacle Point Waste Water Treatment Works Capacity	16	Yes

CAPITAL PROGRAMME BY PROJECT BY WARD: 2017		
Capital Project	Ward(s) affected	R' 000 Works completed (Yes/No)
Machinery & Equipment	16	Yes
Instrumentation-Purification Services	16	Yes
Furniture & Office Equipment	17	Yes
Computer Equipment	17	Yes
Machinery & Equipment	16	Yes
Mechanical Plant and Equipment-Regional Plant	16	Yes
Replacement of Electrical Plant and Equipment	16	Yes
Laboratory Instrumentation and Equipment	16	Yes
Rehabilitation of Pond Systems-Regional Plant	16	Yes
Fencing and Ancillary Works-Regional Plant	16	Yes
New Generator for the Regional WWTW	16	Yes
New Brush Cutter for the Water and Wastewater Treatment Works	16	Yes
Installation of Camera Security System-Regional Plant	16	Yes
Upgrading of the Regional WWTW	16	No
Upgrading of Great Brak River WWTW	16	Yes
Installation of Camera Security System-Great Brak River	16	Yes
Furniture & Office Equipment	17	Yes
Machinery & Equipment	17	Yes
Computer Equipment	17	Yes
Upgrading of Herbertsdale Sewer Pump Station to Accommodate New Housing Development	7	Yes
Increase Sewer Pipeline @ Herbertsdale to Accommodate New Housing Development	7	Yes
Replacement of Sewer Pipelines between Mossel Bay and Hartenbos	16	Yes
New Generator for Friemersheim Sewer Pump Station	14	Yes
New Level-Sensor for Sewer Pits	16	Yes
New Connections	16	Yes
Upgrade Pump Station at St Blaize	6	Yes
Standby Pump at Harbour Pump Station	8	Yes
Upgrade Telemetry	16	Yes
Upgrade Entrance Road to Friemersheim Sewer Pump Station	14	Yes
Midbrak Main Sewer Network	5	Yes
Midbrak Main Sewer Network - CRR	5	Yes
Furniture & Office Equipment	17	Yes
New Multi-Purpose Trailer	17	Yes
Refurbish New Sewer Lines: D'Almeida	9	Yes
New 2-Way Radios	17	Yes
Replace Sewer lines: Tarka	8	Yes
Replace High Pressure Jetting Machine	17	Yes
Construct Retaining Wall on Erf 3877, Menkenkop	7	Yes
Replacement of Vehicles: CBS 33243	17	Yes
Honey Sucker	17	Yes
Extend Friemersheim Sewer Network	14	Yes
Capacity Increase of Great Brak River WWTW	5	Yes

CAPITAL PROGRAMME BY PROJECT BY WARD: 2017		
Capital Project	Ward(s) affected	R' 000 Works completed (Yes/No)
<b>Herbertsdale Middle Income Housing Sites-Sewerage</b>	7	Yes
Electricity		
<b>Furniture &amp; Office Equipment (New)</b>	17	Yes
<b>Furniture &amp; Office Equipment (Replacement)</b>	17	Yes
<b>Replacement Network Hartenbos</b>	10	Yes
<b>Replacement Network Low Voltage</b>	15	Yes
<b>New Connections</b>	16	Yes
<b>Capital Spares (Replace Mini Substations)</b>	16	Yes
<b>Replace MV Ring Main Units</b>	16	Yes
<b>Electrification Project</b>	16	Yes
<b>Electrification Project - CRR</b>	16	Yes
<b>Tools &amp; Equipment</b>	16	Yes
<b>Replacement of Vehicles: CBS 33234</b>	17	Yes
<b>Replacement of Vehicles: CBS 33242</b>	17	Yes
<b>66kv Overhead Line Upgrade- Intake to South Substation</b>	16	Yes
<b>High Mast and Flood Lights for Various Wards</b>	16	Yes
<b>Electrical Workshop Upgrading</b>	16	Yes
<b>11 kV Overhead Line Upgrade-Sandhoogte</b>	5	Yes
<b>Saunders 66/11kV Substation</b>	16	Yes
<b>Replace Surge Generator 165kV</b>	16	Yes
<b>Replace Low Voltage Network (Little Brak River)</b>	4	Yes
<b>Renewable Energy</b>	16	Yes
<b>New 10MVA Transformer South Substation</b>	16	Yes
<b>RMU with Metering Unit at Eskom Second Point of Supply</b>	5	Yes
<b>New 11kV Feeder Danabay</b>	11	Yes
<b>New 11kV Feeder between Midbrak Substation and Great Brak River</b>	16	Yes
<b>Install Three Way 630A Outdoor Switchgear at Eskom Substation Great Brak River</b>	5	Yes
<b>Replace LV Overhead Lines with Underground Cable-Ward 8</b>	8	Yes
<b>Ockert Bothma Substation</b>	8	Yes
<b>Upgrade Switchgear and Feeder No 1 Mossdusria</b>	7	Yes
<b>Replace Switchgear Fraaiuitsig Substation</b>	5	Yes
<b>Replace Existing Long Street Wooden Poles with New Street Light Poles</b>	6	Yes
<b>Install new 22kV Circuit Breaker at Dup Substation (Little Brak River Intake Substation)</b>	16	Yes
<b>Donated Asset: Electrical Reticulation Services to Vogelsang Park</b>	5	Yes
<b>Furniture &amp; Office Equipment</b>	17	Yes
<b>Computer Equipment</b>	17	Yes
<b>Machinery &amp; Equipment-New</b>	16	Yes
<b>Machinery &amp; Equipment-Replacement</b>	16	Yes
<b>Upgrading of Mechanical Workshop</b>	16	Yes
<b>Housing</b>		Yes
<b>Asazani/Izinyoka Services (Phases 4)</b>	12	No
<b>Sonskynvallei/Powertown Relocation (152 Sites)</b>	7	Yes



CAPITAL PROGRAMME BY PROJECT BY WARD: 2017		
Capital Project	Ward(s) affected	R' 000 Works completed (Yes/No)
Refuse removal		Yes
<b>Furniture &amp; Office Equipment</b>	17	Yes
<b>Replacement of Vehicles: CBS 27393</b>	16	Yes
<b>Green Waste Chipper</b>	16	Yes
<b>Building Rubble Crasher</b>	16	Yes
<b>Rebuilding of Compactor Units (CBS 18891)</b>	17	Yes
<b>Purchase of Canopy: CBS 35088</b>	17	Yes
<b>Purchase of Canopy: CBS 17997</b>	17	Yes
<b>Purchase of Canopy: CBS 39950</b>	17	Yes
<b>Pressure Pump</b>	17	Yes
<b>Back Hoe Machinery</b>	17	No
<b>Construction of a Concrete Slab Roof on Guard House at Louis Fourie Road Waste Disposal Site</b>	16	Yes
<b>Conversion of Compactor to Transport Back Hoe</b>	17	Yes
<b>Fencing of Existing Formalised Rubbish Dumping Area in Zone 7 (PA Camp)</b>	1	Yes
<b>Fencing of Existing Formalised Rubbish Dumping Area Next to 53 Maqabanqa Street Opposite Khanyisa Crèche</b>	1	Yes
<b>Fencing of Existing Formalised Rubbish Dumping Area at end of John Mapisa Street</b>	1	Yes
<b>Fencing of Existing Formalised Rubbish Dumping Area at back of 20 Lingeletu Street, Elangeni</b>	1	Yes
Stormwater		Yes
<b>Formalise Storm Water Channels</b>	5	Yes
<b>Improve Storm Water System: Amy Searle Greenhaven</b>	14	Yes
<b>Improve Storm Water System: New Concrete Storm Water Channel, Deoville Park, Hartenbos Hills</b>	10	Yes
<b>Improve Storm Water System: Upgrade of Storm Water System watercourse, A Ferox, Dana Bay</b>	11	Yes
<b>Improve Storm Water System: Upgrade Storm Water at Kie-wiet, Cupido, Sinkfontein to Alhof-D'Almeida</b>	9	Yes
<b>Improve Storm Water System: Bakke (Nautica)</b>	8	Yes
<b>New Storm Water System from Benton Crescent to River (Herbertsdale)</b>	7	Yes
<b>Upgrading of Storm Water System: from Santos Beach to George Road</b>	8	Yes
<b>Dedicated Server</b>	16	Yes
<b>Cut-off Drains: Seemeeupark</b>	16	Yes
<b>Glentana Parking Outlet</b>	5	Yes
<b>Storm Water Network Capacity Problems (Strand to Marsh Street)</b>	8	Yes
<b>Murray Street Embankment</b>	14	Yes
<b>Storm Water Channel from Mooney to Frans St-Adriaans Drive</b>	2	Yes
Economic Development		Yes
<b>Paving-Erf 6412</b>	16	Yes
<b>Furniture &amp; Office Equipment</b>	17	Yes

CAPITAL PROGRAMME BY PROJECT BY WARD: 2017		
Capital Project	Ward(s) affected	R' 000 Works completed (Yes/No)
<b>Furniture &amp; Office Equipment-New-Socio-Economic Development</b>	17	Yes
<b>Furniture &amp; Office Equipment-Replacement (Indoor)</b>	17	Yes
<b>Furniture &amp; Office Equipment-New (Indoor)</b>	17	Yes
<b>Furniture &amp; Office Equipment-New (LED)</b>	17	Yes
<b>Purchase of Sewing Machines for Sewing Project</b>	16	Yes
<b>Photocopy Machine-Youth</b>	17	Yes
<b>Installation of Garage Door in Hartenbos</b>	17	Yes
<b>Fire Extinguishers for Subsidised Beehives</b>	17	Yes
<b>Revamp of Indoor Sports Centre</b>	17	Yes
<b>HIV/AIDS Mascot</b>	16	Yes
<b>Sewing Machines-Donated</b>	17	Yes
<b>Furniture, Tools and Equipment - Donated Asset</b>	17	Yes
<b>Donated Asset: Youth Centre Building on Erf 496</b>	14	Yes
<b>Donated Asset: Creche Building on Erf 3896 Wolwedans</b>	14	Yes
<b>Furniture &amp; Office Equipment</b>	17	Yes
<b>Computer Equipment</b>	17	Yes
<b>Installation of Loud Hailing System</b>	17	Yes
<b>Data Projects</b>	17	Yes
<b>Water Dispenser-Thusong Centre</b>	16	Yes
<b>Upgrading of the Kitchen Facility: Thusong Centre</b>	2	Yes
<b>Sports, Arts &amp; Culture</b>		Yes
<b>Machinery &amp; Equipment-New</b>	16	Yes
<b>Machinery &amp; Equipment-Replacement</b>	16	Yes
<b>Bins</b>	16	Yes
<b>Sunshades</b>	16	Yes
<b>Construction of Braais</b>	16	Yes
<b>Donated Sheep</b>	16	Yes
<b>Machinery &amp; Equipment-New</b>	16	Yes
<b>Furniture &amp; Office Equipment-New</b>	16	Yes
<b>Upgrade Play Park: Asazani</b>	12	Yes
<b>Kudu Lawnmowers X3</b>	17	Yes
<b>New Fence between Tolbos and Peperboom Street</b>	6	Yes
<b>Electric Fence at SPCA</b>	16	Yes
<b>Electric Fence at SPCA</b>	16	Yes
<b>New Canopy -CBS 39154</b>	16	Yes
<b>Furniture &amp; Office Equipment-New</b>	17	Yes
<b>Furniture &amp; Office Equipment-Replacement</b>	16	Yes
<b>Machinery &amp; Equipment-New</b>	16	Yes
<b>Machinery &amp; Equipment-Replacement</b>	16	Yes
<b>Upgrade the Ext 23 KwaNonqaba/D'Almeida Sports Fields</b>	16	Yes
<b>Great Brak River Bowling Club</b>	5	Yes
<b>2 X Battery-operated Line-marking machines</b>	16	Yes
<b>Rebuilding of Cricket Pitch-D'Almeida Stadium</b>	16	Yes
<b>Environment</b>		Yes
		Yes

CAPITAL PROGRAMME BY PROJECT BY WARD: 2017		
Capital Project	Ward(s) affected	R' 000 Works completed (Yes/No)
		Yes
Health		Yes
		Yes
		Yes
Safety and Security		Yes
<b>Furniture &amp; Office Equipment</b>	17	Yes
<b>Computer Equipment</b>	17	Yes
<b>Safety and Security Service Stun Guns</b>	16	Yes
<b>Speed Humps: John Brown, Extension 13</b>	13	Yes
<b>Furniture &amp; Office Equipment (Law Enforcement-New)</b>	17	Yes
<b>Furniture &amp; Office Equipment (Law Enforcement)</b>	17	Yes
<b>Two-Way Portable Radio's</b>	16	Yes
<b>Firefighting Equipment and Hazmat Equipment</b>	16	Yes
<b>Furniture &amp; Office Equipment</b>	17	Yes
<b>Machinery &amp; Equipment</b>	17	Yes
<b>Replacement of Vehicles: CBS 21502</b>	16	Yes
<b>Breathing Apparatus Sets Complete with Composite Cylinder and Facemask</b>	16	Yes
<b>KwaNonqaba: New Fire Station and Disaster Management Centre</b>	16	Yes
<b>Intrinsically Safe Firefighting Torch X30</b>	16	Yes
<b>Portable Hand-Held Radio</b>	16	Yes
<b>Upgrade/Conversion of Rescue Tools</b>	16	Yes
ICT and Other		Yes
<b>Computers (New-Other)</b>	17	No
<b>Computers (Replacement-Electricity)</b>	17	No
<b>Computers (Replacement-Other)</b>	17	No
<b>Data-Load Balancer</b>	17	Yes
<b>Network Switches</b>	17	Yes
<b>VM Solutions Data Capacity</b>	17	Yes
<b>Air Conditioning and Humidity Control of IT Disaster Recovery and HR Archives at Old Power Station Vault</b>	17	Yes
<b>4 x POE Switches for IP Telephones</b>	17	Yes
<b>Radio Network Backbone Redundancy</b>	17	Yes
<b>Replacement of UPS at Disaster Recovery Site</b>	17	Yes
<b>Firewall and Intrusion Prevention</b>	17	Yes
<b>T O</b>		

## **APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS**

None

## **APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION**

None

## **APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY**

DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY: 2017				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
None				

## **APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT**

None

## **VOLUME II: ANNUAL FINANCIAL STATEMENTS**

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# Annual Financial Statements 2017

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**Mossel Bay  
Municipality**

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# MOSSEL BAY Municipality



## 2016/17 ANNUAL FINANCIAL STATEMENTS



## VISION

We strive to be a trend-setting, dynamic Municipality delivering quality services responsive to the demands and challenges of the community and our constitutional mandate, in which all stakeholders can participate in harmony and dignity.

## MISSION

- To render cost-effective and sustainable services to the entire community with diligence and empathy.
- To create mutual trust and understanding between the Municipality and the community.
- To have a motivated and representative municipal workforce with high ethical standards, which is empowered to render optimal services to the community.
- To apply good and transparent corporate governance in order to promote community prosperity.

## VALUES

The community is our inspiration and our workforce is our strength in the quest for community development and service delivery. We therefore value:

- Work pride.
- Service excellence.
- Integrity.
- Loyalty.
- Accountability.



*Explore Endless Horizons!*

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## **GENERAL INFORMATION**

### ***Mayoral Committee:***

Alderman H J Levendal (Executive Mayor)

Councillor D Kotzé (Deputy Executive Mayor and Chairperson of Corporate Services & Governance Committee)

Councillor J C Bayman (Chairperson of Planning & Integrated Services Committee)

Councillor N Booisen (Chairperson of Community Services Committee)

Councillor M de Klerk (Chairperson of Finance Committee)

Councillor A Dellemijn (Chairperson of Technical Services Committee)

Councillor V Fortuin (Chairperson of Socio & Economic Development and Tourism Committee)

### ***Speaker:***

Alderman P Terblanche

### ***Ward Councillors:***

1 Clr P Lichaba (ANC)

3 Clr W Fipaza (ANC)

5 Clr A Dellemijn (DA)

7 Clr B Groenewald (DA)

9 Clr E Meyer (DA)

11 Clr M de Klerk (DA)

13 Clr R H Ruiters (DA)

2 Clr N Mbolombo (ANC)

4 Clr A Janse van Rensburg (DA)

6 Clr M Furness (DA)

8 Clr D Kotzé (DA)

10 Ald P Terblanche (DA)

12 Clr W Buda (ANC)

14 Clr J C Bayman (DA)

### ***Proportional Representative Councillors:***

Clr E Baron (VF+)

Clr N Booisen (DA)

Clr V Fortuin (DA)

Clr D Kamfer (ICOSA)

Ald H Levendal (DA)

Clr T Mvumvu (DA)

Clr J Siyoko (DA)

Clr N Bobelo (ANC)

Clr J Bruinders (ANC)

Clr J Gouws (ACDP)

Clr M Kannemeyer (DA)

Clr S Mbandezi (ANC)

Clr L Rauch (DA)

### ***Auditors:***

The Auditor-General of South Africa  
Private Bag X1  
CHEMPET, 7442

### ***Accounting Officer:***

Adv T Giliomee

### ***Chief Financial Officer (Acting):***

Mr LH Fourie

Mr MK Botha was suspended on 25 May 2017 and disciplinary hearing still in progress.

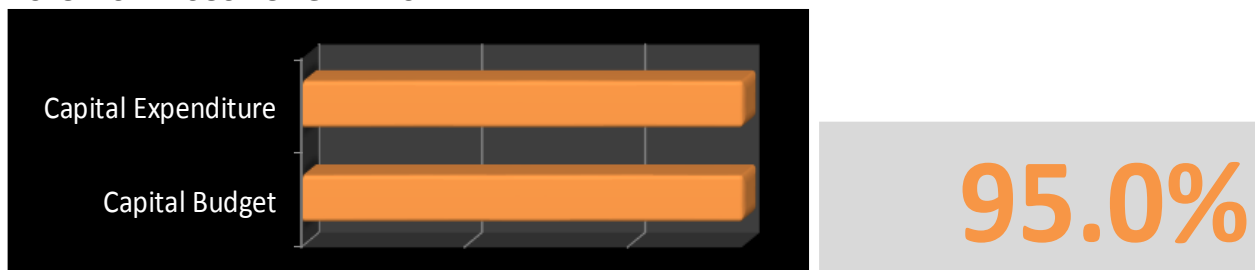
<b><i>Registered Office:</i></b>	101 Marsh Street Mossel Bay 6506
<b><i>Postal address:</i></b>	PO Box 25 Mossel Bay 6500
<b><i>Telephone:</i></b>	(044) 606-5000
<b><i>Facsimile:</i></b>	(044) 606-5062
<b><i>E-mail:</i></b>	<a href="mailto:admin@mosselbay.gov.za">admin@mosselbay.gov.za</a>
<b><i>Website:</i></b>	<a href="http://www.mosselbay.gov.za">http://www.mosselbay.gov.za</a>

## REVIEW OF THE YEAR

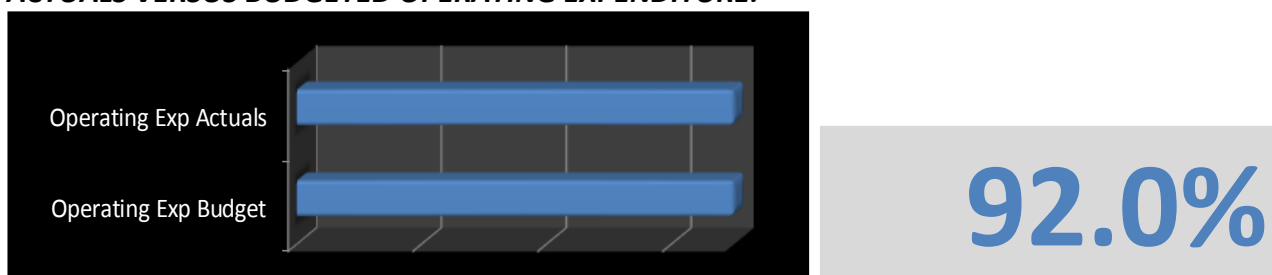
### 1 FINANCIAL PERFORMANCE

The following ratios highlight the implementation of the budget:

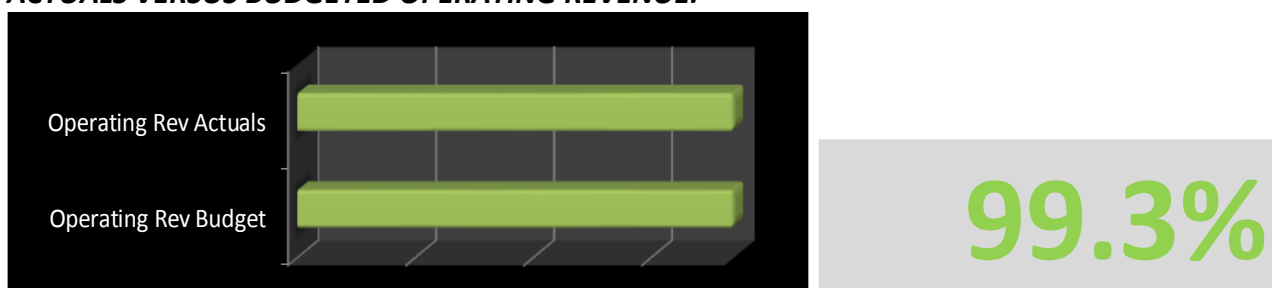
#### ACTUALS VERSUS BUDGETED CAPITAL:



#### ACTUALS VERSUS BUDGETED OPERATING EXPENDITURE:



#### ACTUALS VERSUS BUDGETED OPERATING REVENUE:



### 2 LIQUIDITY POSITION

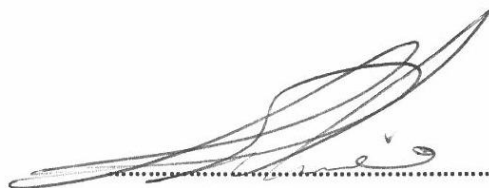


The above ratios show that the Municipality has a healthy liquid position, with current assets of double the current liabilities. This ratio has weakened slightly from the previous year when the ratio was 2.7 :1.

**CERTIFICATION BY ACCOUNTING OFFICER**

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 139 in terms of Section 126(1) of the Municipal Finance Management Act, No 56 of 2003, and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in Note 33 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this act.

  
.....

Accounting Officer  
Adv T Giliomee

Date: 31 August 2017

## REPORT OF THE CHIEF FINANCIAL OFFICER

### 1 INTRODUCTION

It gives me great pleasure to present the financial position of Mossel Bay Municipality at 30 June 2017 and the results of its operations and cash flows for the year then ended.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP).

### 2 KEY FINANCIAL INDICATORS

The following are some of the key financial indicators, comparing the 2016/17 financial performance of the Municipality to the 2015/16 comparative figures:

<b>RATIO DESCRIPTION</b>	<b>2016/17</b>	<b>2015/16</b>
<b><u>REVENUE MANAGEMENT</u></b>		
<i>Level of reliance on Government grants</i>	15.2%	15.6%
<i>Actual income vs Budgeted income*</i>	-0.7%	0.1%
<b><u>EXPENDITURE MANAGEMENT</u></b>		
<i>Personnel costs to total expenditure</i>	29.7%	28.9%
<i>Actual expenditure vs Budgeted expenditure*</i>	-8.0%	-4.1%
<i>Interest paid as a percentage of total expenditure</i>	0.9%	0.8%
<i>Repairs and maintenance / PPE (carrying amount)</i>	2.6%	2.7%
<i>Repairs and maintenance / Total expenditure</i>	6.3%	6.5%
<b><u>ASSET MANAGEMENT</u></b>		
<i>Actual versus Budgeted Capital Expenditure*</i>	-5.0%	-8.7%
<i>Stockholding period (DAYS)</i>	15 days	13 days
<b><u>DEBT MANAGEMENT</u></b>		
<i>Creditors payment period (DAYS)</i>	69 days	38 days
<i>Arrear debtors collection period (DAYS)</i>	13 days	12 days
<b><u>LIQUIDITY</u></b>		
<i>Current ratio</i>	2.5 : 1	2.7 : 1
<i>Acid Test ratio</i>	2.3 : 1	2.5 : 1
<i>Turnover of accounts receivable</i>	8.0 : 1	8.3 : 1
<i>Cash to Interest</i>	58.2 : 1	56.5 : 1
<i>Debt to Cash</i>	1.0 : 1	1.1 : 1
<i>Cash to Income</i>	3.0 : 1	4.1 : 1
<i>Total Liabilities / Total Assets</i>	0.1 : 1	0.1 : 1

\*The total variance between budgeted and actual amounts is provided as a percentage variance.

## **2.1. Borrowing, funding and reserves policy**

The borrowing, funding and reserves policy makes the measurement of the following ratios compulsory:

### *a) Interest paid to total expenditure*

#### ***Purpose/ Use of the Ratio and Norm***

The approved policy by Council determines that the interest paid to total expenditure may not exceed 5%. Table 4 provide the measurement against the results of 2015/16.

**Table 4**

Description	2016/17	2015/16
<b>Interest paid to total expenditure</b>	<b>0.9%</b>	<b>0.8%</b>
Total interest paid	7 164 900	6 156 320
Total Operating expenditure	819 329 392	791 429 536

#### ***Interpretation of Results***

Interest paid to total expenditure is well within the norm of 5%.

### *b) Total long term debt to total operating revenue*

#### ***Purpose/ Use of the Ratio and Norm***

The approved policy by Council determines that the total long term debt to total operating revenue (excluding conditional grants and transfers) must not exceed 35%. Table 5 provide the measurement against the results of 2015/16.

**Table 5**

Description	2016/17	2015/16
<b>Total long term debt to total operating revenue (excluding conditional grants and transfers)</b>	<b>3.9%</b>	<b>3.8%</b>
Total Long-term debt	31 379 999	27 779 918
Total Operating Revenue (exlcuding conditional grants and transfers)	812 881 873	738 850 329

#### ***Interpretation of Results***

This percentage of long-term debt to operating revenue is well within the approved policy of Council of 35%.

c) Cash generation from operating activities

**Purpose/ Use of the Ratio and Norm**

The approved policy by Council determines that the cash generation from operating activities must at least cover the annual loan repayments once. Table 6 provide the measurement against the results of 2015/16.

Table 6

Description	2016/17	2015/16
<b>Coverage of Annual loan repayments by cash generated from operating activities (Times)</b>	<b>82.7</b>	<b>219.0</b>
Cash generated from operating activities	208 526 266	167 343 443
Annual loan repayments	2 521 737	763 955

**Interpretation of Results**

Mossel Bay Municipality does not have a high reliance on loans. Thus the ratio will always be favourable. The coverage of cash generated from operating activities to the annual loan repayment is well above the norm of 1 time.

d) Percentage of annual loan repayment to total operating expenditure

**Purpose/ Use of the Ratio and Norm**

The approved policy by Council determines that the percentage of total annual loan repayment (Capital and Interest) to total operating expenditure must not be more than 10%. Table 7 provide the year to date measurement against the results of 2015/16.

Table 7

Description	2016/17	2015/16
<b>Percentage of annual loan repayment to total operating expenditure</b>	<b>1.2%</b>	<b>0.9%</b>
Annual loan repayments (Interest & capital)	9 686 637	6 920 275
Total Operating expenditure	819 329 392	791 429 536

**Interpretation of Results**

Mossel Bay Municipality does not have a high reliance on loans and thus the amount relating to repayment of loans are low. Thus the ratio will always be favourable. The percentage of annual loan repayment to total operating expenditure is well within the norm of 10%.

## 2.2. Liquidity policy

The liquidity policy makes the measurement of the following ratios compulsory:

a) Cash/Cost Coverage Ratio

### **Purpose/ Use of the Ratio and Norm**

The approved policy by Council determines that the Cash/Cost Coverage Ratio (Excluding Unspent Conditional Grants) must be calculated as ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets) and that a coverage of 1-3 times is acceptable.

Table 8 provide the measurement based on the last month of 2016/17, measured against the last month of 2015/16.

Table 8

Description	2016/17	2015/16
<b>Cash/Cost Coverage Ratio (Times)</b>	<b>6.2</b>	<b>5.7</b>
Cash and Cash Equivalents	379 379 159	327 252 982
Monthly Fixed Operational Expenditure	60 963 054	57 467 848
<b>Cash and Cash Equivalents:</b>	379 379 159	327 252 982
Petty Cash and Bank Balances	16 196 179	9 004 025
Less:		
Unspent Conditional Grants	(37 963 297)	(20 756 394)
Overdraft	-	-
Plus:		
Short-term investments	401 146 276	339 005 350
<b>Monthly Fixed Operational Expenditure</b>	<b>60 963 054</b>	<b>57 467 848</b>
Total average monthly Expenditure for the year	68 277 449	65 952 461
Less:		
Depreciation & Amortisation	(5 316 103)	(5 440 063)
Provision for Bad Debts	(1 698 745)	(2 335 442)
Impairment and Loss on Disposal of Assets	(299 548)	(709 108)
Fair Value Adjustments	-	-

### **Interpretation of Results**

The cash/cost coverage ratio is above the norm of 1-3 times as per liquidity policy and improved from 2015/16 to 2016/17 mainly because of the increase in "Short-term investments".



b) Current ratio

***Purpose/ Use of the Ratio and Norm***

The purpose of this ratio is to measure the Municipality's ability to meet its short-term commitments.

The higher the current ratio, the more capable the Municipality will be to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels. A financial ratio under 1 suggests that the Municipality would be unable to pay all its current or short-term obligations if they fall due at any specific point.

If current liabilities exceed current assets, it highlights serious financial challenges and likely liquidity problems i.e. insufficient cash to meet short-term financial obligations. Current assets must therefore be increased to appropriately cover current liabilities otherwise there is a risk that non-current assets will need to be liquidated to settle current liabilities.

The approved policy by Council guides that the current ratio be between 1.5:1 and 2:1. Table 9 provides the calculated current year ratio.

Table 9

Description	2016/17	2015/16
<b>Current Ratio</b>	<b>2.5</b>	<b>2.7</b>
Current Assets	529 795 755	448 051 003
Current Liabilities	215 036 038	168 557 841

***Interpretation of Results***

The Municipality operates above the norm set by Council. The ratio weakened since the end of the previous year.

## 2.3. Other ratios of importance

### a) Debtors collection period in days

#### **Purpose/ Use of the Ratio and Norm**

This ratio reflects the collection period. The debtor days refers to the average number of days required for the Municipality to receive payment from its consumers for bills/invoices issued to them for services. The ratio is also a good indication of the effectiveness of credit control procedures within the Municipality. If the ratio is above the norm, it indicates that the Municipality is exposed to significant cash flow risk. This is also an indication that the Municipality is experiencing challenges in the collection of outstanding amounts due to it. In addition, this indicates that a significant amount of potential cash is tied up in consumer debtors and the Municipality must improve its revenue and cash flow management.

The norm is 30 Days

Table 11

Description	2016/17	2015/16
<b>Debtors collection period (days)</b>	<b>12.9</b>	<b>12.0</b>
Consumer debtors*365	8 387 222 153	7 344 161 346
Rates revenue + Services revenue + Debtors income	651 232 874	610 950 322

#### **Interpretation of Results**

The Municipality operates within the norm. The ration has weakened measured against the result of the last financial year. The reason for the deterioration in the collection period is due to the council decision to write off all outstanding debt on residential property values less than R65 000 and vacant erven values less than R50 000.

### b) Level of reliance on government grants

#### **Purpose/ Use of the Ratio and Norm**

The Ratio measures the extent to which the Municipality's Expenditure is funded through Government grants and subsidies.

No norm is proposed at this time by National Treasury. It must be mentioned that National Treasury does promote a healthy balance of funding sources.

Table 12

Description	2016/17	2015/16
<b>Level of reliance on government grants</b>	<b>15.2%</b>	<b>15.6%</b>
Government Grants and subsidies	145 518 902	136 618 205
Total Revenue	958 400 775	875 468 534

#### **Interpretation of Results**

The results indicates that the Municipality is not dependent on grant funding to run its normal operations.

c) Implementation of the Capital program

**Purpose/ Use of the Ratio and Norm**

This ratio measures the extent to which Budgeted Capital Expenditure has been spent during the financial year, under review. Further, this ratio measures the Municipality's ability to implement capital projects and monitor the risks associated with non-implementation. The ratio also assesses whether the Municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. Any variance above 5% indicates discrepancies in planning and budgeting which should be investigated and corrective measures implemented. Under-spending is also an indicator that the Municipality might be experiencing possible cash flow difficulties to implement projects. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programs and/or projects. Overspending may also indicate inaccurate budgeting or poor financial management control.

The norm range between 0% and 5% variance.

Table 13

Description	2016/17	2015/16
<b>Actual versus Budgeted Capital Expenditure</b>	<b>-5.0%</b>	<b>-8.7%</b>
Actual Capital Expenditure - Budgeted Capital Expenditure	-7 552 985	-13 966 294
Budgeted Capital Expenditure	152 376 474	160 989 562

**Interpretation of Results**

The Municipality is functioning within the norm. The main reasons for underspending on capital expenditure are due to housing project progress delays due to issues pertaining to electrification of shacks, late transfer of funds from DOHS and unavailability of adequate labor and inclement weather conditions.

d) Implementation: Operational Revenue

**Purpose/ Use of the Ratio and Norm**

This ratio measures the extent of actual operating revenue (Excl. Capital Grant Revenue) received in relation to budgeted operating revenue during the financial year, under review. A ratio outside the norm indicates either a challenge in capacity to implement, ineffective billing and credit control, weakness in compilation of budgets or issues of financial controls and management of the Municipality.

The norm range between 0% and 5% variance.

Table 14

Description	2016/17	2015/16
<b>Actual revenue VS budgeted revenue</b>	<b>-0.7%</b>	<b>0.1%</b>
Actual Revenue - Budgeted Revenue	-6 603 800	887 179
Budgeted Revenue	965 004 575	874 581 355

**Interpretation of Results**

The Municipality is functioning within the norm.

e) Implementation: Operational Expenditure

**Purpose/ Use of the Ratio and Norm**

This ratio measures the extent to which Budgeted Operating Expenditure has been spent during the financial year, under review. The ratio also assesses whether the Municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. Any variance outside the norm either indicate a challenge in capacity to implement, issues of financial controls and management and/or poor budgeting.

Under-spending normally is an indicator that the Municipality experiences possible cash flow difficulties or capacity challenges to undertake budgeted/ planned service delivery, and/ or does not prepare accurate and credible budgets. Ideally, under-spending should be the result of improved efficiencies and not as a result of non-implementation of programs and/or projects. Overspending may also indicate inaccurate budgeting or poor financial management control in respect of budget control.

The norm range between 0% and 5% variance

Table 15

Description	2016/17	2015/16
<b>Actual operating expenditure VS budgeted operating expenditure</b>	<b>-8.0%</b>	<b>-4.1%</b>
Actual Expenditure - Budgeted Expenditure	-71 438 239	-33 877 227
Budgeted Expenditure	890 767 630	825 306 763

**Interpretation of Results**

The Municipality is functioning outside the norm. The main reason for underspending on the operating expenditure budget are the slow progress on expenditure on top structures.

**LIQUIDITY POSITION OF MUNICIPALITY**
**3.1 Liquidity**

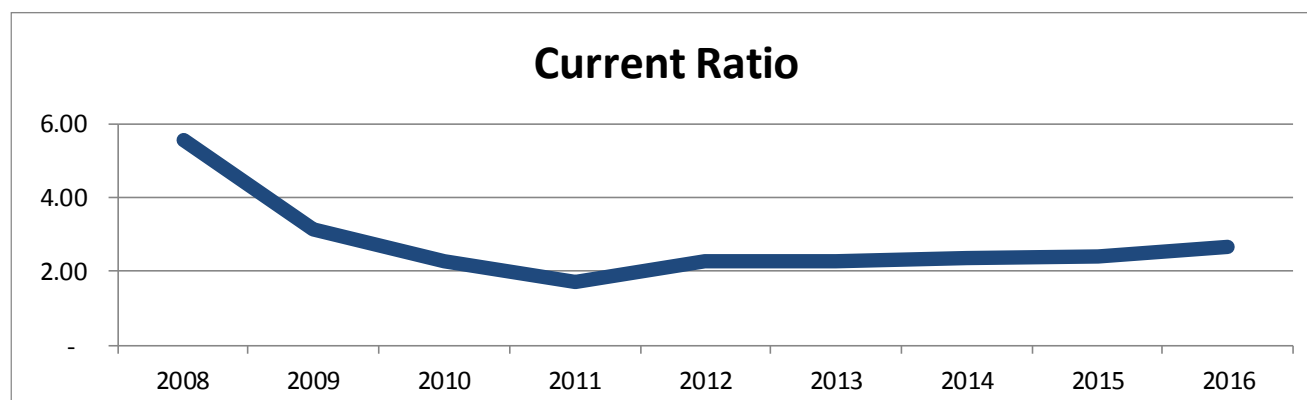
There are two main liquidity ratios that can be used to analyse the liquidity position of the Municipality, namely the Current and Acid Test ratios. There are various other liquidity ratios that can be utilised to assess the Municipality's liquidity position.

The calculation of these ratios is as follows:

<b>RATIO DESCRIPTION</b>	<b>FORMULA</b>	<b>2016/17</b>	<b>2015/16</b>
<b><u>Current ratio</u></b>	Current Assets	529 795 755	448 051 003
	Current Liabilities	215 036 038	168 557 841
		<b>2.5</b>	<b>2.7</b>
<b><u>Acid Test ratio</u></b>	Current Assets – Inventory	502 520 093	425 958 888
	Current Liabilities	215 036 038	168 557 841
		<b>2.3</b>	<b>2.5</b>
<b><u>Turnover of accounts receivable</u></b>	Revenue (credit)	649 597 472	609 743 352
	Accounts receivable	81 682 795	73 860 598
		<b>8.0</b>	<b>8.3</b>
<b><u>Debt to cash</u></b>	Total Liabilities	425 968 974	390 537 622
	Cash balance at end of period	417 342 456	348 009 376
		<b>1.0</b>	<b>1.1</b>

The above ratios show that the Municipality is in a liquid position, with current assets of double the current liabilities. The ratio for the year under review has improved slightly compared to the 2015/16 financial year. The Municipality generates 8.0 times more revenue than what the outstanding accounts are. The debtors' collection period (for debtors in arrears) has deteriorated from 12 days in 2015/16 to 13 days in the 2016/17 year.

The following graph shows the history and the current year ratio for the Municipality:



## 4 OPERATING RESULTS

### 4.1 Summary of Results

Details of the operating results per segmental classification are included in Appendix B and C, while operational results per category, together with an explanation of significant variances of more than 10 per cent from the final budget, are included in the Statement of Comparison of Budget and Actual amounts.

These amounts are based on the total position of the Municipality (including non-cash transactions):

DESCRIPTION	Actual 2016/17	Actual 2015/16	Variance	Adjusted Budget 2016/17	Variance
<b>INCOME</b>					
Opening surplus/(deficit)	2 460 776 063	2 372 953 264	3.7%		
Operating income for the year	958 400 775	875 468 534	9.5%	965 004 575	-0.7%
Appropriations for the year	( 14 605 526)	3 783 800			
	<b>3 404 571 311</b>	<b>3 252 205 598</b>	<b>4.7%</b>	<b>965 004 575</b>	<b>252.8%</b>
<b>EXPENDITURE</b>					
Operating expenditure for the year	819 329 392	791 429 536	3.5%	890 767 630	-8.0%
Sundry transfers	-	0	-100.0%		
Closing surplus/(deficit)	2 585 241 920	2 460 776 063	5.1%	74 236 945	
	<b>3 404 571 311</b>	<b>3 252 205 598</b>	<b>4.7%</b>	<b>965 004 575</b>	<b>252.8%</b>

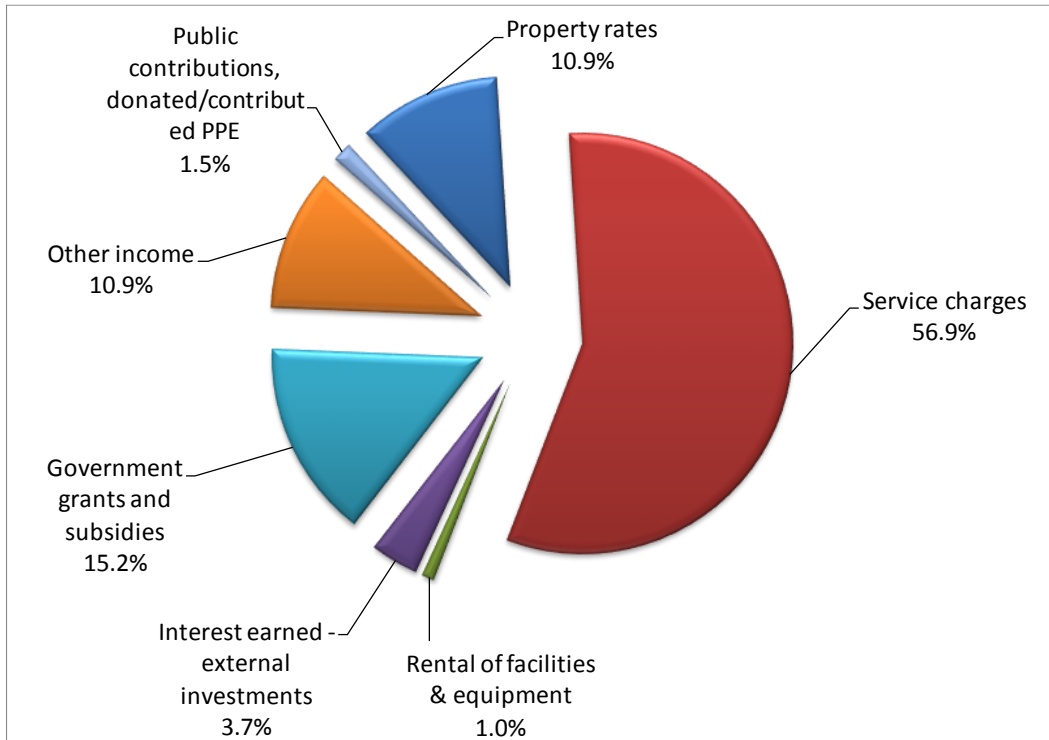
The accumulated surplus at 30 June 2017 amounted to R 2 585.2 million. The accumulated surplus of R 2 384.3 million at 30 June 2016 was restated with previous year corrections of R 76.5 million, amounting to R 2 460.8 million. From the 2015/16 financial year the accumulated surplus increased with R 124.5 million or 4.7% to the 2016/17 financial year.

The operating income increased by 9.5% to R 958.4 million from the previous financial year's income of R 875.5 million. The main contributor to this is the increase in Actuarial Gains and the increases in Service charges. The operating expenditure increased by 3.5% to R 819.3 million. Please note that Impairment costs and Depreciation charges for the month of June must still be processed.

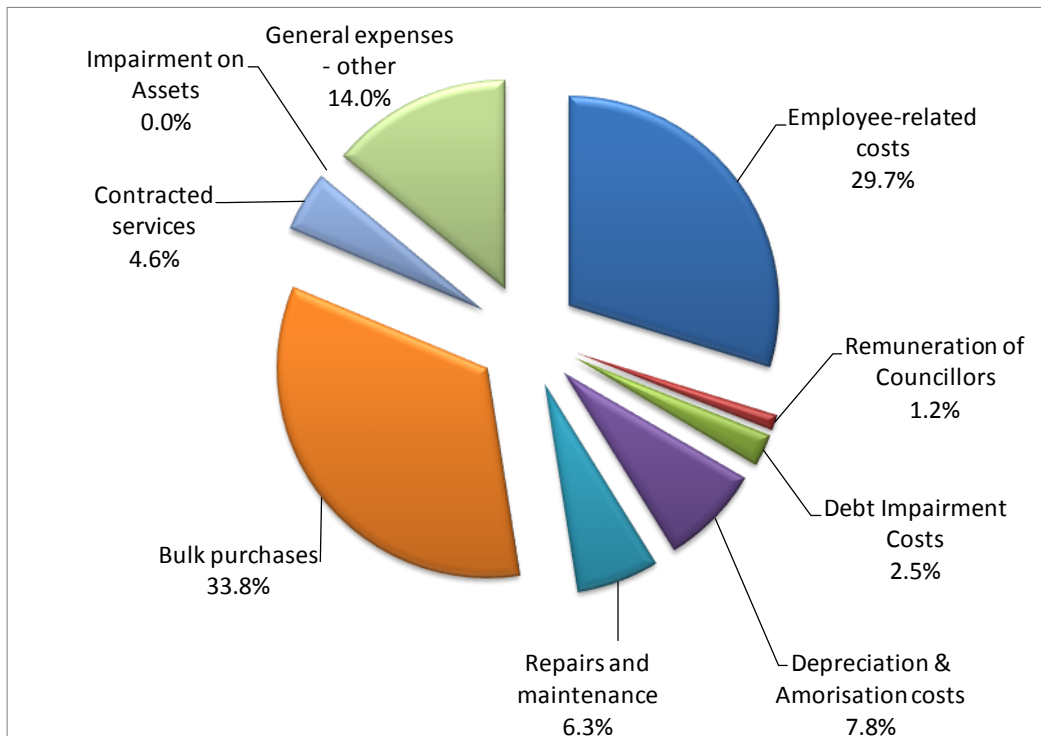
The Municipality's financial statements ended on a surplus of R 139.1 million.

#### 4.2 Operating Revenue and Expenditure

The following graph indicates the Municipality's major revenue sources for the year under review:



The following graph indicates the Municipality's major types of expenditure for the year under review:



### 4.3 Rates and General Services

DESCRIPTION	Actual 2016/17	Actual 2015/16	Variance	Adjusted Budget 2016/17	Variance
<b>Income</b>	422 757 845	376 476 549	12.3%	430 674 216	-1.8%
<b>Expenditure</b>	432 458 650	419 627 714	3.1%	496 599 539	-12.9%
<b>Surplus/(deficit)</b>	<b>(9 700 806)</b>	<b>(43 151 165)</b>	<b>-77.5%</b>	<b>(65 925 323)</b>	<b>-85.3%</b>
<b>Surplus/(deficit) as % of total income</b>	-2.3%	-11.5%		-15.3%	

#### Variance from 2015/16 Actual:

The deficit with regards to Rates and other General services amount to R 9.7 million for the 2016/17 financial year and the 2015/16 financial year's deficit was -R 43.2 million.

#### Variance from 2016/17 Budget:

The total actual income is 1.8% less than the budgeted amount of R 430.7 million for the 2016/17 financial year. The expenditure is 12.9% less than the budgeted amount of R 496.6 million.

### 4.4 Trading Services

The Municipality purchases electricity in bulk from Eskom and then redistributes it to the consumers. The electricity tariffs are considered together with all other tariffs during the compilation of the operational budget. Any increase in the electricity tariffs must be approved by NERSA before the Municipality can implement it. Eskom normally adjusts its tariffs in January of every year but the Municipality endeavours to limit its increase to only one increase during July every year. The Municipality has some of its own water sources and also purchases water from the Department of Water Affairs, which is then supplied from the Klipheuwel Dam and the Wolwedans Dam.



**4.4.1 Electricity**

DESCRIPTION	Actual 2016/17	Actual 2015/16	Variance	Adjusted Budget 2016/17	Variance
<b>Income</b>	407 036 240	386 468 224	5.3%	412 931 179	-1.4%
<b>Expenditure</b>	317 849 283	298 174 920	6.6%	315 656 686	0.7%
<b>Surplus/(deficit)</b>	<b>89 186 957</b>	<b>88 293 304</b>	<b>1.0%</b>	<b>97 274 493</b>	<b>-8.3%</b>
<b>Surplus/(deficit) as % of total income</b>	21.9%	22.8%		23.6%	

Variance from 2015/16 Actual:

The Electricity service showed a surplus for both the 2015/16 and the 2016/17 financial years, with an increase of 1.0% between the two years. The surplus of R 89.2 million for the 2016/17 financial year represents a profit of 21.9%. A profit of 22.8% was realised in the 2015/16 financial year.

Variance from 2016/17 Budget:

The total actual income is 1.4% less than the budgeted amount of R 412.9 million for the 2016/17 financial year. The expenditure is 0.7% more than the budgeted amount of R 315.7 million.

**4.4.2 Water**

DESCRIPTION	Actual 2016/17	Actual 2015/16	Variance	Adjusted Budget 2016/17	Variance
<b>Income</b>	128 606 691	112 523 761	14.3%	121 399 180	5.9%
<b>Expenditure</b>	69 021 458	73 626 902	-6.3%	78 511 405	-12.1%
<b>Surplus/(deficit)</b>	<b>59 585 232</b>	<b>38 896 859</b>	<b>53.2%</b>	<b>42 887 775</b>	<b>38.9%</b>
<b>Surplus/(deficit) as % of total income</b>	46.3%	34.6%		35.3%	

Variance from 2015/16 Actual:

The Water service showed a surplus for both the 2015/16 and 2016/17 financial years. The surplus increased by 53.2% from the previous year. The surplus of R 59.6 million for the 2016/17 financial year represents a profit of 46.3%, whereas a profit of 34.6% was realised in the 2015/16 financial year.

Variance from 2016/17 Budget:

The total actual income is 5.9% more than the budgeted amount of R 121.4 million for the 2016/17 financial year, while the expenditure is 12.1% less than the budgeted amount of R 78.5 million.

**5 CAPITAL EXPENDITURE AND FINANCING**

The capital expenditure for the year as stated in the financial statements amounted to R 144 823 488 and is broken down as follows:

<b>SERVICE AREA</b>	<b>2016/17 Actuals</b>	<b>% of Total Capital Expenditure</b>
<b>Community services/facilities</b>	14 367 519	9.9%
<b>Electricity</b>	30 863 478	21.3%
<b>Housing</b>	5 088 627	3.5%
<b>Refuse</b>	191 526	0.1%
<b>Sanitation</b>	18 892 621	13.0%
<b>Streets and Storm water</b>	35 065 422	24.2%
<b>Water</b>	27 492 981	19.0%
<b>Other</b>	12 861 314	8.9%
<b>TOTAL</b>	<b>144 823 488</b>	<b>100.0%</b>

The capital expenditure was financed as follows:

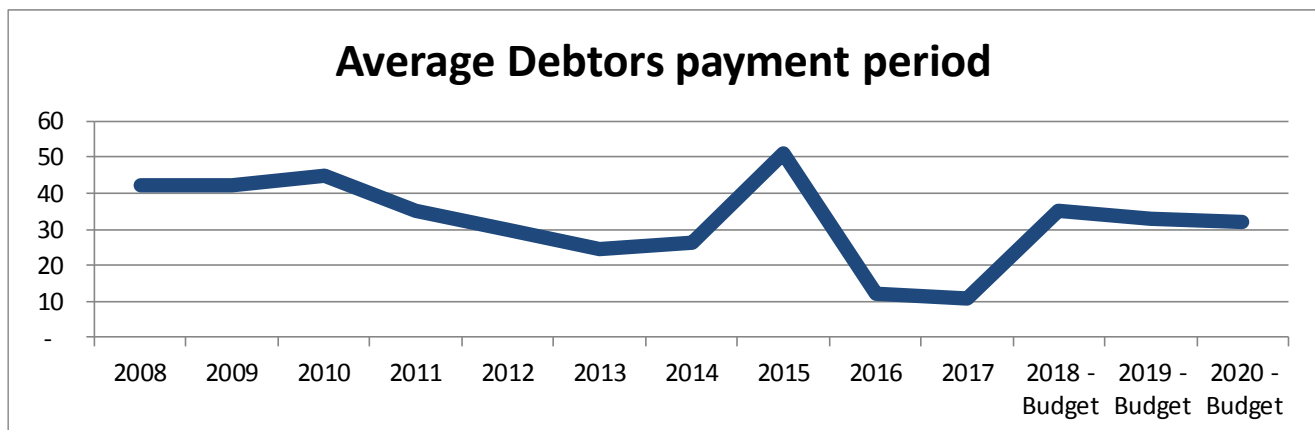
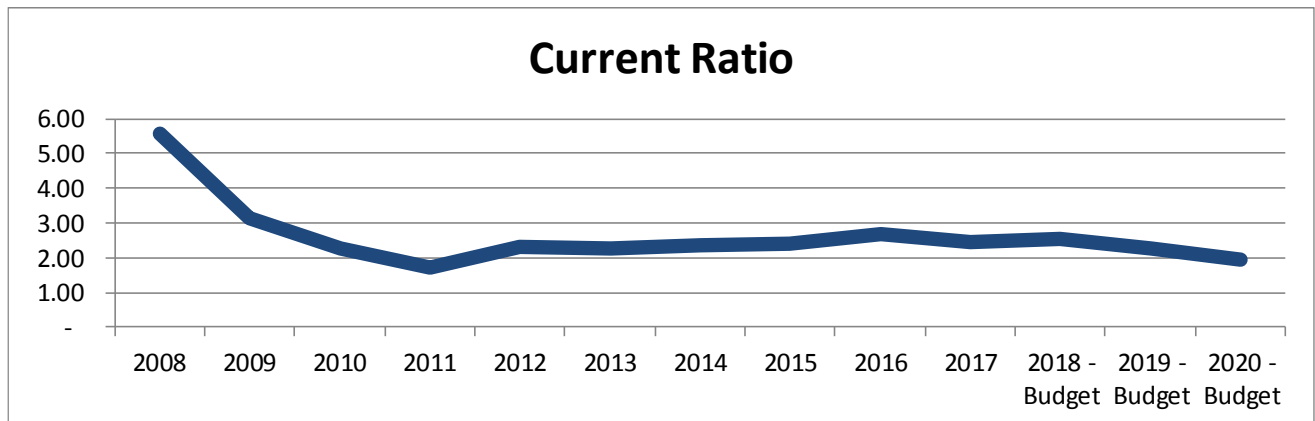
<b>SOURCE OF FINANCE</b>	<b>2016/17 Actuals</b>	<b>% of Total Capital Funding</b>
<b>Capital Replacement Reserve</b>	89 493 587	61.8%
<b>Grants and Subsidies</b>	37 180 883	25.7%
<b>Public contributions</b>	2 362 760	1.6%
<b>External loans</b>	6 503 459	4.5%
<b>Other</b>	9 282 799	6.4%
<b>TOTAL</b>	<b>144 823 488</b>	<b>100.0%</b>

Property, Plant and Equipment is funded to a large extent from the Capital Replacement Reserve.

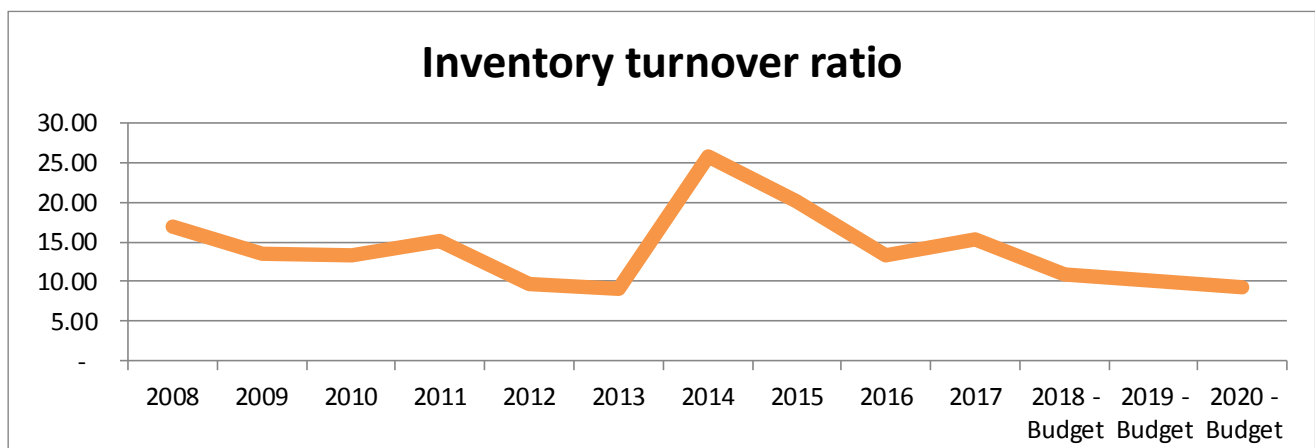
## 6 FINANCIAL SUSTAINABILITY

Financial sustainability refers to financial accounts which reflect sufficient revenue and adequate corporate stability in order to fund and deliver on service delivery and performance targets. Following are a few graphs on various financial ratios that show the past 7 years' information, the current year information and the 3 budget years' information:

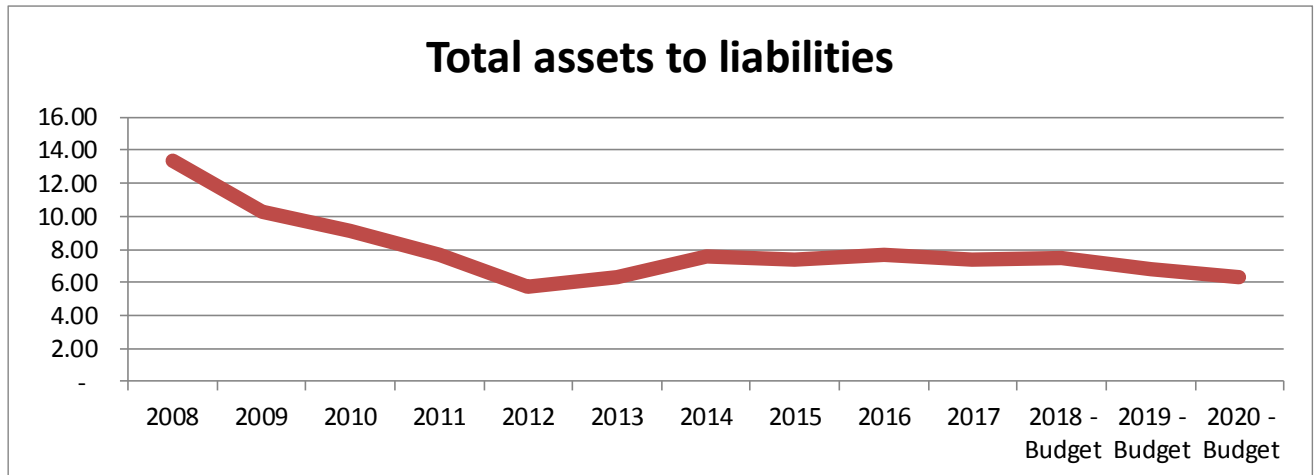
### LIQUIDITY MEASUREMENT RATIOS



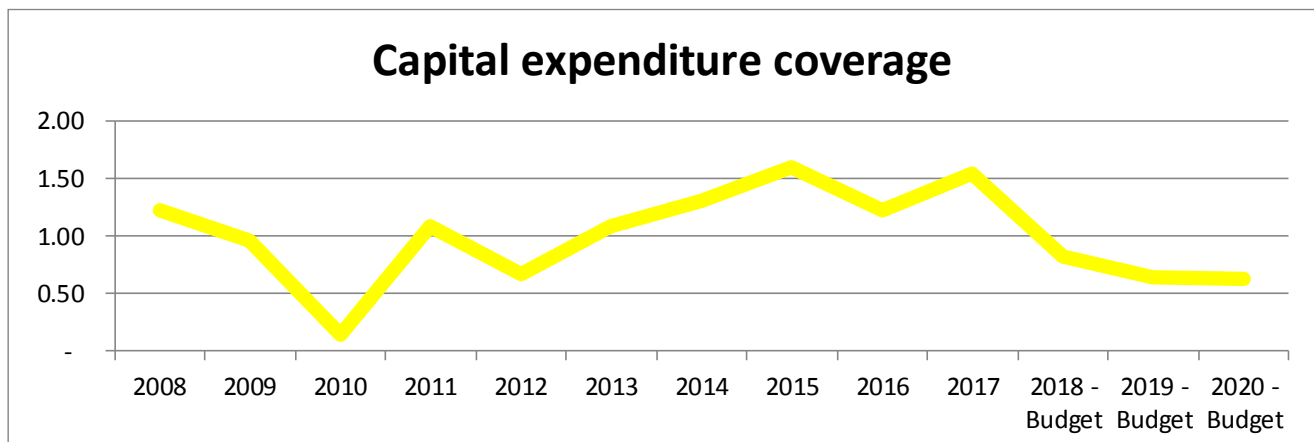
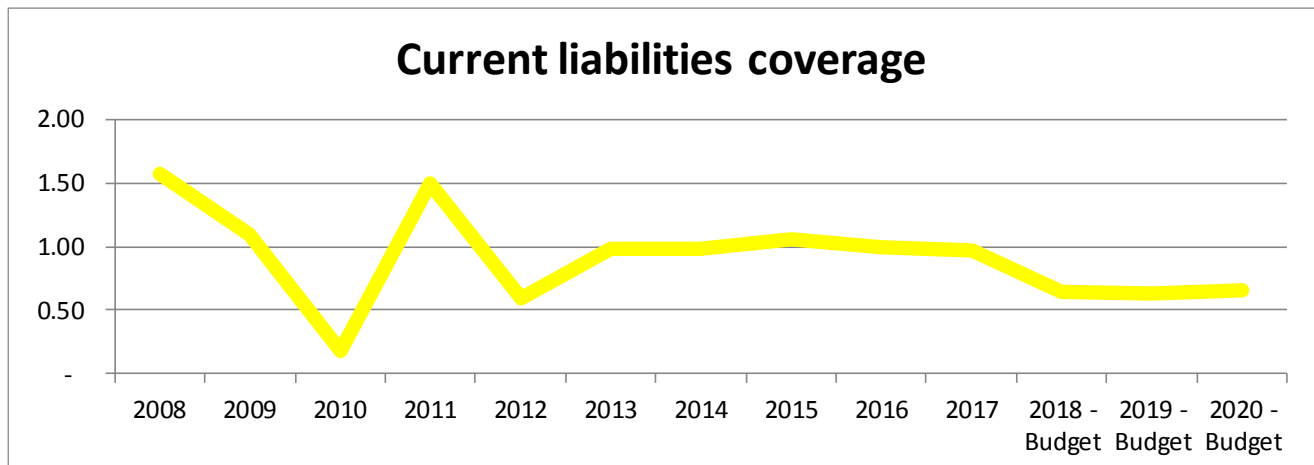
### ACTIVITY RATIOS



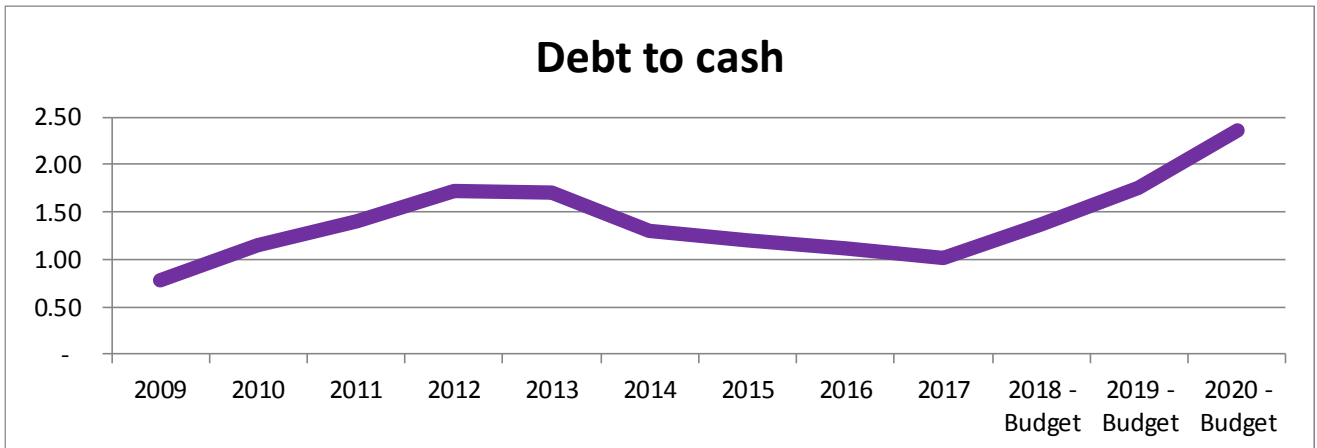
**SOLVENCY RATIOS**



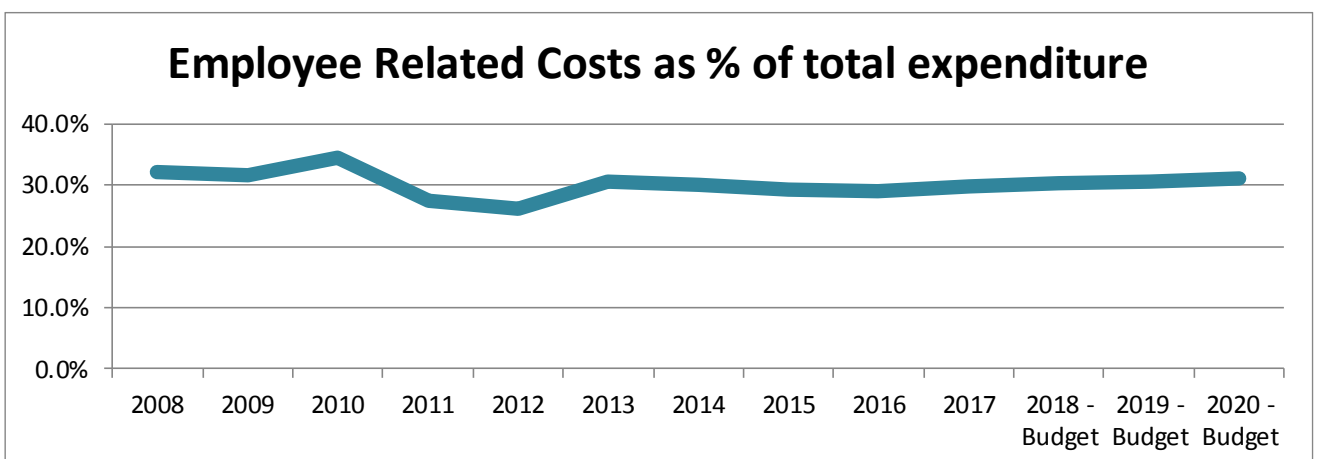
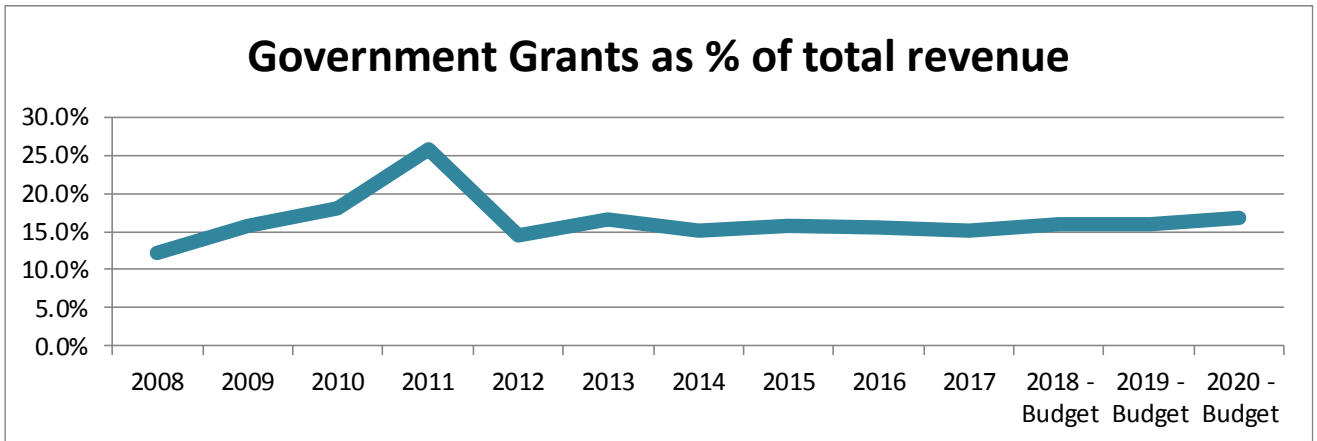
**CASH FLOW INDICATOR RATIOS**



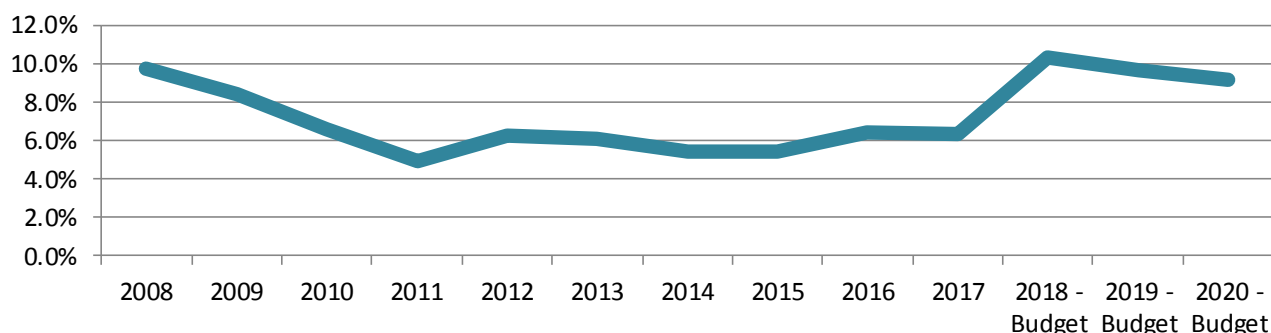
**DEBT RATIOS**



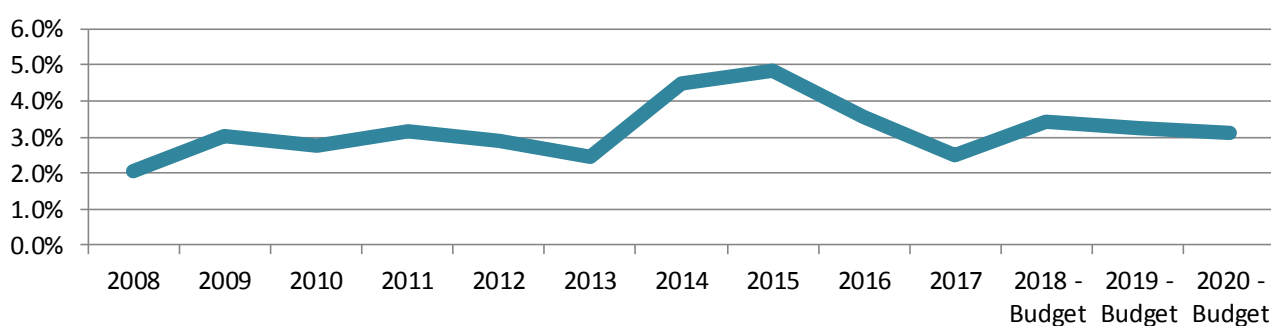
**INCOME & EXPENDITURE TRENDS**



### Repairs & Maintenance as % of total expenditure



### Debt Impairment costs as % of total expenditure



## 7 CAPITAL REPLACEMENT RESERVE

The Capital Replacement Reserve balance at 30 June 2017 amounted to R 141 173 950 (R 126 575 281 as at 30 June 2016).

The Capital Replacement Reserve replaces the previous statutory funds, such as the Consolidated Capital Development and Loans Fund. It is a cash-backed reserve established to enable the Municipality to finance future capital expenditure. Cash contributions, depending on the availability thereof, are made annually to the reserve.

The Municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to the Statement of Changes in Net Assets for more detail.

**8 EXTERNAL LOANS, INVESTMENTS AND CASH**

On 30 June 2017 the outstanding external loans amounted to R 30 993 649 (R 26 800 000 on 30 June 2016). The Municipality has repaid R 2 521 737 towards the loans taken up to date.

The Municipality's cashbook showed a positive balance of R 16 177 119 (R 8 985 565 on 30 June 2016) and Petty Cash to the amount of R 19 060 (R 18 460 on 30 June 2016) on 30 June 2017. The external investments amounted to R 401 146 276 against the R 339 005 350 of the previous year.

More particulars regarding external loans and investments appear in Notes 5 and 25 of the Annual Financial Statements, as well as Appendix A.

**9 NON-CURRENT PROVISIONS**

These provisions are made in order to enable the Municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Non-current provisions amounted to R 94 196 700 as at 30 June 2017 (R 90 264 481 as at 30 June 2016) and are made up as follows:

Rehabilitation of Landfill Sites	R 70 551 226
Clearing of Alien Vegetation	<u>R 23 645 474</u>
	<u>R 94 196 700</u>

Refer to Note 6 of the Annual Financial Statements for more detail.

## 10 LIQUIDITY REQUIREMENTS

The table below shows the allocation of the investment portfolio towards the funding of various obligations:

Table 10

### **Liquidity Requirement as per Liquidity Policy**

Financial Year End: **30 June 2017**

	2016/17 R
<b><i>Liquidity Requirement Calculation [as stipulated in Paragraph 4.1.]</i></b>	
All earmarked and/or conditional grants received but not yet utilised	R 37 963 297
Value of the provisions held in cash for the clearing of alien vegetation and the rehabilitation of landfill sites to the extent that these funds are required within the following 5 years	R 94 196 700
Value of legally entrenched short term rights and benefits of employees related to Medical benefits & Retirement benefits	R 28 161 219
Unspent Loan Funds	R -
Funds held for agency services not yet performed	R (2 471 148)
Reserve funds reflected in Statement of Financial Position that are assumed to be held in cash	R 141 202 367
Capital redemption and interest payments on external loans not reflected as part of normal operational expenditure	R 5 519 595
1 months operational expenditure excluding non-cash items	R 60 963 054
Consumer Deposits	R 23 240 671
Other Deposits and Other Advance Payments:	
- Retentions	R 9 652 329
- Payments Received in Advance	R 26 603 211
- Other Deposits	R 3 700 166
Non-current Deposit: Pavilion	R 274 541
<b>TOTAL LIQUIDITY REQUIREMENT</b>	<b>R 429 006 003</b>

### ***Actual available liquidity held [reference paragraph 4.2.]***

Bank Balance at e.g.:	
- ABSA, FNB, Standard Bank, Nedbank, Investec, Money Market	
<b>Bank balance sub total</b>	R 16 196 179
95% of all other term investments with Banks	R 381 088 962
90% of Market value of all Bonds on the JSE that are held	R -
Consumer debtors (current – 60 days)	R 33 478 764
Other reserves held in cash not reflected in bank balances mentioned above for e.g.:	
- Unspent conditional grants	R -
- Payments received for agency functions not yet performed	R -
- The cash value of reserves held	R -
- Cash deposits held as part of loan covenants or ceded	R -
- Undrawn bank overdraft facility or committed liquidity lines available	R -
<b>TOTAL LIQUIDITY AVAILABLE</b>	<b>R 430 763 906</b>

<b>LIQUIDITY SURPLUS (SHORT FALL)</b>	<b>R 1 757 903</b>
---------------------------------------	--------------------



## **11 EMPLOYEE BENEFITS**

These liabilities are in order to enable the Municipality to be in a position to fulfil its known legal obligations with regards to employee benefits when they become due and payable.

The non-current portion of the employee benefits liability amounted to R 88 146 000 as at 30 June 2017 (R 107 095 000 as at 30 June 2016) and is made up as follows:

Post-Employment Health Care Benefits	R 73 038 000
Ex-Gratia Gratuities	R 1 344 000
Long Service Awards	<u>R 13 764 000</u>
	<u><u>R 88 146 000</u></u>

Refer to Note 7 of the Annual Financial Statements for more detail.

## **12 CURRENT LIABILITIES**

Current Liabilities are those liabilities of the Municipality due and payable in the short term (less than 12 months). No indication is found that the Municipality would be unable to meet its obligations. Current Liabilities amounted to R 215 036 038 as at 30 June 2017 (R 168 557 841 as at 30 June 2016) and are made up as follows:

Consumer deposits	Note 9	R 23 240 671
Provisions	Note 10	R 5 684 326
Current portion of Employee benefits	Note 11	R 28 161 219
Payables from Exchange transactions	Note 12	R 115 248 805
Unspent conditional grants and receipts	Note 13	R 37 963 297
Operating Lease Liability	Note 26	R 1 673 415
Current portion of Finance Lease Liabilities	Note 4	R 261 364
Current portion of Long-term Liabilities	Note 5	<u>R 2 802 941</u>
		<u><u>R 215 036 038</u></u>

## **13 CURRENT ASSETS**

Current Assets amounted to R 529 795 755 as at 30 June 2017 (R 448 051 003 as at 30 June 2016) and is made up as follows:

Inventory	Note 21	R 27 275 661
Trade receivables from Exchange	Note 22	R 58 816 373
Other receivables from Non-Exchange	Note 23	R 17 758 861
Current portion of long-term receivables	Note 20	R 336 681
Unpaid conditional grants and receipts	Note 13	R 0
VAT receivable	Note 14	R 8 071 251
Cash and Cash Equivalents	Note 25	R 417 342 456
Operating Lease Assets	Note 26	<u>R 194 471</u>
		<u><u>R 529 795 755</u></u>

**14 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS**

The net balance of Trade and Other receivables from Exchange transactions is indicated below:

<b>DEBTOR</b>	<b>As at 30 June 2016</b>	<b>As at 30 June 2017</b>	<b>Variance</b>
<b>Service debtors:</b>	<b>50 425 236</b>	<b>51 557 853</b>	<b>2.2%</b>
- Electricity	32 689 764	31 960 673	-2.2%
- Water	12 116 977	13 121 027	8.3%
- Refuse	2 389 828	2 806 228	17.4%
- Sewerage	3 228 668	3 669 925	13.7%
<b>Debtback collections</b>	<b>3 062</b>	<b>3 787</b>	<b>23.7%</b>
<b>Land Sales</b>	<b>6 173</b>	<b>2 161</b>	<b>-65.0%</b>
<b>Housing instalments</b>	<b>949 635</b>	<b>740 439</b>	<b>-22.0%</b>
<b>Housing rentals</b>	<b>52 418</b>	<b>29 694</b>	<b>-43.4%</b>
<b>Other</b>	<b>2 737 487</b>	<b>6 482 438</b>	<b>136.8%</b>
<b>TOTAL</b>	<b>54 174 011</b>	<b>58 816 373</b>	<b>8.6%</b>

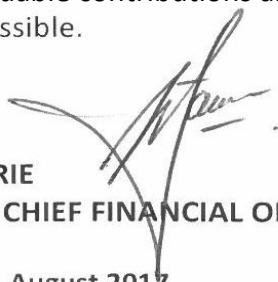
The net balance of Other receivables from Non-Exchange transactions is indicated below:

<b>DEBTOR</b>	<b>As at 30 June 2016</b>	<b>As at 30 June 2017</b>	<b>Variance</b>
<b>Rates</b>	<b>5 478 542</b>	<b>6 308 827</b>	<b>15.16%</b>
<b>Traffic Fines</b>	<b>3 881 077</b>	<b>7 597 830</b>	<b>95.77%</b>
<b>Payments made in advance</b>	<b>2 491 477</b>	<b>2 826 572</b>	<b>13.45%</b>
<b>Other</b>	<b>3 263 416</b>	<b>1 025 632</b>	<b>-68.57%</b>
<b>TOTAL</b>	<b>15 114 512</b>	<b>17 758 861</b>	<b>17.50%</b>

The Municipality has written off bad debts to the amount of R 2 521 698 during the financial year.

**EXPRESSION OF APPRECIATION**

I am grateful to the Executive Mayor, Executive Deputy Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Directors for the support extended during the financial year. I would also like to extend a special word of thanks to all staff who assisted with the collation of year-end information, and specific the staff of the Budget and Treasury Office. Without their valuable contributions and assistance these Annual Financial Statements would not have been possible.



**LH FOURIE**  
**ACTING CHIEF FINANCIAL OFFICER**

Date: 31 August 2017

## **REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA**

### **Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Mossel Bay Municipality**

#### **Report on the audit of the financial statements**

#### **Opinion**

1. I have audited the financial statements of the Mossel Bay Municipality set out on pages 30 to 134, which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mossel Bay Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

#### **Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matters**

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### **Significant uncertainties**

7. With reference to note 55 to the financial statements, the municipality is at risk regarding possible liability claims relating to contractual disputes from third parties. The outcome in this regard were uncertain at year-end and no provision for any liability that may result has been made in the financial statements.

**Restatement of corresponding figures**

8. As disclosed in note 42 to the financial statements, the corresponding figures as at 30 June 2016 have been restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2017.

**Material impairments**

9. As disclosed in note 22 to the financial statements, an impairment of R10 783 937 (2015-16: R9 156 322) was provided for receivables from exchange transactions as a result of the impairment of irrecoverable debtors.
10. As disclosed in note 23 to the financial statements, an impairment of R62 700 137 (2015-16: R46 388 284) was provided for receivables from non-exchange transactions as a result of the impairment of irrecoverable debtors.

**Other matters**

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

**Unaudited supplementary information**

12. The supplementary information set out on pages 135 to 139 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

**Unaudited disclosure notes**

13. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

**Responsibilities of the accounting officer**

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipality or cease operations, or has no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

### **Report on the audit of the annual performance report**

#### **Introduction and scope**

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to raise findings but not to gather evidence to express assurance.
19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2017:

<b>Objectives</b>	<b>Pages in the annual performance report</b>
KPA 1 – development of new services and infrastructure	188 – 192
KPA 3 – spatial development and environment	186 – 187

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

22. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- KPA 1 – development of new services and infrastructure
- KPA 3 – spatial development and environment

#### **Other matter**

23. I draw attention to the matter below.

#### **Achievement of planned targets**

24. Refer to the annual performance report on page 176 to 192 for information on the achievement of planned targets for the year and explanations provided for the under or overachievement of a number of targets.

### **Report on the audit of compliance with legislation**

#### **Introduction and scope**

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to raise findings but not to gather evidence to express assurance.

26. I did not raise material findings on compliance with the specific matters in key legislation as set out in the general notice issued in terms of the PAA.

### **Other information**

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.

28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that it contains a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. If it is corrected, however, this will not be necessary.

**Internal control deficiencies**

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.



Cape Town

30 November 2017



**AUDITOR - GENERAL**  
**SOUTH AFRICA**

*Auditing to build public confidence*

# STATEMENT OF FINANCIAL POSITION

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Note	2017 R	2016 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>2 726 444 287</b>	<b>2 587 372 904</b>
Housing development fund	2	28 417	21 560
Reserves	3	141 173 950	126 575 281
Capital replacement reserve		141 173 950	126 575 281
Accumulated surplus		2 585 241 920	2 460 776 063
<b>Non-current liabilities</b>		<b>210 932 936</b>	<b>221 979 781</b>
Employee benefits	7	88 146 000	107 095 000
Non-current provisions	6	94 196 700	90 264 481
Finance Lease liability	4	18 876	192 483
Other Long-term liabilities	5	28 296 818	24 165 725
Non-current deposits	8	274 541	262 092
<b>Current liabilities</b>		<b>215 036 038</b>	<b>168 557 841</b>
Consumer deposits	9	23 240 671	20 844 433
Provisions	10	5 684 326	1 000 000
Current Employee benefits	11	28 161 219	24 533 140
Payables from Exchange transactions	12	115 248 805	96 656 677
Unspent conditional grants and receipts	13	37 963 297	20 756 394
Operating Lease Liability	26	1 673 415	1 345 487
Current portion of Finance lease liability	4	261 364	453 947
Current portion of other long-term liabilities	5	2 802 941	2 967 763
<b>Total Net Assets and Liabilities</b>		<b>3 152 413 261</b>	<b>2 977 910 526</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>2 622 617 506</b>	<b>2 529 859 523</b>
Property, plant and equipment	15	1 967 077 842	1 885 398 696
Biological Assets	16	-	-
Intangible Assets	17	559 837	651 525
Investment Property	18	625 940 509	627 276 210
Heritage assets	19	4 225 599	4 225 599
Long-term receivables	20	813 719	307 493
Investments	24	24 000 000	12 000 000
<b>Current assets</b>		<b>529 795 755</b>	<b>448 051 003</b>
Inventory	21	27 275 661	22 092 115
Receivables from Exchange transactions	22	58 816 373	54 174 011
Other receivables from non-exchange transactions	23	17 758 861	15 114 512
Current portion of long-term receivables	20	336 681	360 849
Unpaid conditional grants and receipts	13	0	2 515 000
VAT Receivable	14	8 071 251	5 603 034
Cash and Cash equivalents	25	417 342 456	348 009 376
Operating Lease Assets	26	194 471	182 106
<b>Total Assets</b>		<b>3 152 413 261</b>	<b>2 977 910 526</b>

Note: Refer to Note 42.9 for details regarding the restatement of previous year balances.



# STATEMENT OF FINANCIAL PERFORMANCE

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

Budget			Actual	
2016 R	2017 R	Note	2017 R	2016 R
<b>REVENUE</b>				
<b>298 852 547</b>	<b>336 466 344</b>		<b>315 600 929</b>	<b>269 622 818</b>
94 461 971	103 857 512		104 137 439	94 636 383
94 461 971	103 857 512		104 137 439	94 636 383
177 934 592	196 411 209		160 097 708	147 525 145
175 355 704	192 214 259		145 518 902	136 618 205
2 578 888	4 196 950		14 578 806	10 906 940
26 455 984	36 197 623		51 365 782	27 461 291
25 955 984	35 697 623		26 098 293	26 633 967
500 000	500 000		25 267 490	827 323
<b>575 728 808</b>	<b>628 538 231</b>		<b>642 799 846</b>	<b>605 845 716</b>
478 760	541 300		513 569	365 338
494 285 192	542 925 035		544 946 464	514 741 631
7 800 320	8 904 179		9 132 168	8 537 009
22 017 354	32 886 504		35 094 411	28 187 131
1 240 457	1 533 192		1 635 402	1 333 916
5 735 635	5 671 435		6 579 280	6 125 410
12 665	-		1 738 335	827 526
500 000	-		-	-
43 658 425	36 076 586		43 160 218	45 727 754
<b>874 581 355</b>	<b>965 004 575</b>		<b>958 400 775</b>	<b>875 468 534</b>
<b>EXPENDITURE</b>				
232 853 139	248 002 308	32	243 654 622	228 749 097
9 952 980	10 301 035	33	9 786 303	9 713 125
30 377 645	38 969 887	34	20 384 942	28 025 300
6 033 346	6 188 039		5 718 148	5 415 344
69 384 704	70 255 986	35	63 701 544	65 209 183
8 038	6 454	35	91 688	71 576
1 500 000	1 500 000		-	3 716 946
55 506 710	56 375 130	41	51 712 154	51 050 444
2 625 720	3 152 634	36	7 164 900	6 156 320
255 600 000	270 889 805	37	276 942 760	253 667 481
40 805 362	41 138 335	38	38 051 154	38 445 644
1 246 499	1 322 000	39	1 142 798	1 164 351
97 031 027	141 590 713	40	97 383 807	91 535 428
-	-		-	-
20 881 593	1 075 304		3 594 573	8 509 295
1 500 000	-		-	-
<b>825 306 763</b>	<b>890 767 630</b>		<b>819 329 392</b>	<b>791 429 536</b>
<b>49 274 592</b>	<b>74 236 945</b>		<b>139 071 383</b>	<b>84 038 998</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>				

Note: Refer to Note 42.10 for details regarding the restatement of previous year balances.

# STATEMENT OF CHANGES IN NET ASSETS

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus / (Deficit)	Total
	R	R	R	R
<b>2016</b>				
Balance at 1 July 2015	750 539	129 630 102	2 372 953 264	2 503 333 905
Prior Year Adjustments (Note 41)			-0	-0
Change in accounting policy (Note 42)			-	-
Change in accounting estimate (Note 43)			-	-
<b>Restated Balance at 1 July 2015</b>	<b>750 539</b>	<b>129 630 102</b>	<b>2 372 953 264</b>	<b>2 503 333 905</b>
Surplus/(deficit) for the year			84 038 998	84 038 998
Transfer to CRR		78 186 735	-78 186 735	-
Contribution from CRR - purchase PPE		-81 241 556	81 241 556	-
Transfer to Housing Development Fund	13 583		-13 583	-
Transfer from Housing Development Fund	-742 562		742 562	-
<b>Balance at 30 June 2016</b>	<b>21 560</b>	<b>126 575 281</b>	<b>2 460 776 063</b>	<b>2 587 372 904</b>
<b>2017</b>				
Previous Year Adjustments (Note 41)			-	-
Change in accounting policy (Note 42)			-	-
Change in accounting estimate (Note 43)			-	-
<b>Restated balance at beginning of the year</b>	<b>21 560</b>	<b>126 575 281</b>	<b>2 460 776 063</b>	<b>2 587 372 904</b>
Surplus/(deficit) for the year			139 071 383	139 071 383
Transfer to CRR		106 141 119	-106 141 119	-
Contribution from CRR - purchase PPE		-91 542 450	91 542 450	-
Transfer to Housing Development Fund	6 857		-6 857	-
<b>Balance at 30 JUNE 2017</b>	<b>28 417</b>	<b>141 173 950</b>	<b>2 585 241 920</b>	<b>2 726 444 287</b>

Note: Previous year adjustments (Note 42) are reflected in the surplus of the 2015/16 financial year. Prior year adjustments are reflected in the statement above.

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 R	2016 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<u>Receipts:</u>		877 673 416	800 385 114
Ratepayers		623 478 366	590 594 362
Government - Operating		120 624 814	83 893 996
Government - Capital		45 030 472	37 584 142
Other		88 539 765	88 312 614
<u>Payments:</u>		701 069 269	659 314 506
Suppliers		390 265 411	363 486 184
Employees		237 368 707	223 211 002
Other		73 435 152	72 617 320
Cash generated from/(utilised in) operations	47	176 604 147	141 070 608
Interest received		34 816 538	28 874 461
Interest paid	36	(2 894 419)	(2 601 625)
<b>Net cash from operating activities</b>		<b>208 526 266</b>	<b>167 343 443</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Capital Assets		(135 526 792)	(136 773 312)
Proceeds on de-recognition of Capital Assets		1 890 536	6 466 005
(Increase)/decrease in long-term receivables	20	434 759	415 416
(Increase)/decrease in Non-current Investments	24	(12 000 000)	(12 000 000)
<b>Net cash from investing activities</b>		<b>(145 201 497)</b>	<b>(141 891 891)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in consumer deposits	9	2 396 238	1 389 430
Proceeds/(repayment) of finance lease liability	4	( 366 190)	( 763 955)
Proceeds/(repayment) of other long-term liabilities	5	3 978 263	2 680 307
<b>Net cash from financing activities</b>		<b>6 008 311</b>	<b>3 305 782</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>69 333 080</b>	<b>28 757 334</b>
Cash and cash equivalents at the beginning of the year		348 009 376	319 252 041
Cash and cash equivalents at the end of the year	25	417 342 456	348 009 376

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The classification basis on which the annual budget and the annual financial statements were compiled is different. The annual financial statements are classified in terms of GRAP, while the annual budget is classified in terms of National Treasury guidelines. Both are compiled using the accrual basis and the reporting period is the same.

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	Note	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
<b>NET ASSETS AND LIABILITIES</b>					
<b>Net assets</b>		<b>2 726 444 287</b>	<b>2 585 145 673</b>	<b>141 298 614</b>	
Housing development fund	2	28 417	-	28 417	
Reserves	3	141 173 950	112 255 403	28 918 548	
Capital replacement reserve		141 173 950	112 255 403	28 918 548	An additional contribution was made as a result of an increased performance in cash generated due higher than expected than estimated collection rates.
Accumulated surplus		2 585 241 920	2 472 890 270	112 351 650	Prior year adjustments had an effect on the actual amount realised. See notes 41 and 42 for more details.
<b>Non-current liabilities</b>		<b>210 932 936</b>	<b>234 346 010</b>	<b>(23 413 074)</b>	
Employee benefits	7	88 146 000	116 508 110	(28 362 110)	No budget provision were made for any actuarial losses as this was not foreseen and/or provided for by the Actuaries.
Non-current provisions	6	94 196 700	89 664 481	4 532 219	New legislation caused an unforeseen increase in the required provision for clearing of alien vegetation.
Finance Lease liability	4	18 876	385 457	( 366 580)	
Other Long-term liabilities	5	28 296 818	27 461 962	834 856	
Non-current deposits	8	274 541	326 000	( 51 459)	
<b>Current liabilities</b>		<b>215 036 038</b>	<b>155 996 619</b>	<b>59 039 419</b>	
Consumer deposits	9	23 240 671	21 753 405	1 487 266	Consumer deposits were adjusted only with inflation, growth in number of deposits were more than expected.
Provisions	10	5 684 326	4 872 390	811 935	The cash flow for the rehabilitation of landfill sites was not available during preparation budget
Current Employee benefits	11	28 161 219	22 500 000	5 661 219	Actuals as per Actuarial reports.
Payables from Exchange transactions	12	115 248 805	102 430 796	12 818 010	The increase is as a result slow capital expenditure in year resulting in a higher as expected payable figure at year end.
Unspent conditional grants and receipts	13	37 963 297	-	37 963 297	No provision were made for unspent grants, due to the commitment from management to strive to 100% grant expenditure. Housing projects are the biggest contributor.
VAT Payable	14	-	-	-	
Cash and cash equivalents	25	-	-	-	
Operating Lease Liability	26	1 673 415	1 400 000	273 415	
Current portion of Finance lease liability	4	261 364	280 000	( 18 636)	
Current portion of other long-term liabilities	5	2 802 941	2 760 028	42 914	
<b>Total Net Assets and Liabilities</b>		<b>3 152 413 261</b>	<b>2 975 488 302</b>	<b>176 924 959</b>	
		-	1		

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)

	Note	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
<b>ASSETS</b>					
<b>Non-current assets</b>					
		<b>2 622 617 506</b>	<b>2 544 753 774</b>	<b>77 863 732</b>	
Property, plant and equipment	15	1 967 077 842	1 912 842 466	54 235 376	The prior year adjustments, which were unforeseen with compilation of the budget, is the cause of the variance.
Biological Assets	16	-	-	-	
Intangible Assets	17	559 837	618 703	( 58 866)	
Investment Property	18	625 940 509	602 829 513	23 110 996	The prior year adjustments, which were unforeseen with compilation of the budget, is the cause of the variance.
Heritage Assets	19	4 225 599	4 225 599	-	
Long-term receivables	20	813 719	237 493	576 226	
Investments	24	24 000 000	24 000 000	-	
<b>Current assets</b>					
		<b>529 795 755</b>	<b>430 734 527</b>	<b>99 061 228</b>	
Inventory	21	27 275 661	21 410 953	5 864 708	More than expected housing top structures were classified as inventory due to the fact that the houses were not handed over to the beneficiaries.
Receivables from Exchange transactions	22	58 816 373	59 357 414	( 541 041)	Lower than expected due to improved collection rate
Other receivables from non-exchange transactions	23	17 758 861	16 197 288	1 561 573	Weaker collection rate of traffic fines than expected.
Current portion of long-term receivables	20	336 681	330 849	5 831	
Unpaid conditional grants and receipts		0	-	0	
VAT Receivable	14	8 071 251	7 200 000	871 251	
Cash and Cash equivalents	25	417 342 456	326 038 022	91 304 434	Improved collection rates and under expenditure on both capital and operational expenditure caused more funding to be available than expected.
Operating Lease Assets	26	194 471	200 000	( 5 529)	
<b>Total Assets</b>		<b>3 152 413 261</b>	<b>2 975 488 301</b>	<b>176 924 960</b>	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

COMPARISON OF APPROVED AND FINAL BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Explanations for material adjustments
<b>NET ASSETS AND LIABILITIES</b>				
<b>Net assets</b>	<b>2 585 145 673</b>	-	<b>2 585 145 673</b>	
Housing development fund	-	-	-	No adjustments were made to the Council Approved Statement of Financial Position.
Reserves	112 255 403	-	112 255 403	
Capital replacement reserve	112 255 403	-	112 255 403	
Accumulated surplus	2 472 890 270	-	2 472 890 270	
<b>Non-current liabilities</b>	<b>234 346 010</b>	-	<b>234 346 010</b>	
Employee benefits	116 508 110	-	116 508 110	
Non-current provisions	89 664 481	-	89 664 481	
Finance Lease liability	385 457	-	385 457	
Other Long-term liabilities	27 461 962	-	27 461 962	
Non-current deposits	326 000.00	-	326 000.00	
<b>Current liabilities</b>	<b>155 996 619</b>	-	<b>155 996 619</b>	
Consumer deposits	21 753 405	-	21 753 405	
Provisions	4 872 390	-	4 872 390	
Current Employee benefits	22 500 000.00	-	22 500 000.00	
Payables from Exchange transactions	102 430 796	-	102 430 796	
Unspent conditional grants and receipts	-	-	-	
VAT Payable	-	-	-	
Cash and cash equivalents	-	-	-	
Operating Lease Liability	1 400 000.00	-	1 400 000.00	
Current portion of Finance lease liability	280 000.00	-	280 000.00	
Current portion of other long-term liabilities	2 760 028	-	2 760 028	
<b>Total Net Assets and Liabilities</b>	<b>2 975 488 302</b>	-	<b>2 975 488 302</b>	

COMPARISON OF APPROVED AND FINAL BUDGET (Continued)

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Explanations for material variances
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>2 544 753 774</b>	<b>-</b>	<b>2544 753 774</b>	
Property, plant and equipment	1 912 842 466	-	1912 842 466	No adjustments were made to the Council Approved Statement of Financial Position.
Biological Assets	-	-	-	
Intangible Assets	618 703	-	618 703	
Investment Property	602 829 513	-	602 829 513	
Heritage assets	4 225 599	-	4 225 599	
Long-term receivables	237 493	-	237 493	
Investments	24 000 000	-	24 000 000	
<b>Current assets</b>	<b>430 734 527</b>	<b>-</b>	<b>430 734 527</b>	
Inventory	21 410 953	-	21 410 953	
Receivables from Exchange transactions	59 357 414	-	59 357 414	
Other receivables from non-exchange transactions	16 197 288	-	16 197 288	
Current portion of long-term receivables	330 849	-	330 849	
Unpaid conditional grants and receipts	-	-	-	
VAT Receivable	7 200 000	-	7 200 000	
Cash and Cash equivalents	326 038 022	-	326 038 022	
Operating Lease Assets	200 000	-	200 000	
<b>Total Assets</b>	<b>2 975 488 301</b>	<b>-</b>	<b>2975 488 301</b>	

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	Notes	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
<b>REVENUE</b>					
<b><u>Revenue from Non-exchange Transactions</u></b>		<b>315 600 929</b>	<b>336 466 344</b>	<b>(20 865 415)</b>	
<b><u>Taxation revenue</u></b>		<b>104 137 439</b>	<b>103 857 512</b>	<b>279 927</b>	
Property rates	27	104 137 439	103 857 512	279 927	
<b><u>Transfer revenue</u></b>		<b>160 097 708</b>	<b>196 411 209</b>	<b>(36 313 501)</b>	
Government grants and subsidies	29	145 518 902	192 214 259	(46 695 357)	Underspending of mainly Housing grant funds. These funds are requested to be rolled-over to the next financial year.
Public contributions, donated and contributed PPE	31	14 578 806	4 196 950	10 381 856	Donated assets such as the Siyanithanda building and ICT Computer equipment was not provided for in the budget.
<b><u>Other non-exchange revenue</u></b>		<b>51 365 782</b>	<b>36 197 623</b>	<b>15 168 159</b>	
Fines		26 098 293	35 697 623	(9 599 331)	The service provider's contract expired 31 March 2017, no stand alone camera fines were issued thereafter.
Actuarial gains		25 267 490	500 000	24 767 490	Actuarial gains in employee benefits were available with budget compilation, therefore the small provision.
<b><u>Revenue from Exchange Transactions</u></b>		<b>642 799 846</b>	<b>628 538 231</b>	<b>14 261 615</b>	
Property rates-penalties imposed & collection charges		513 569	541 300	( 27 731)	
Service charges	28	544 946 464	542 925 035	2 021 429	The major contributing factor is an under estimated water consumption.
Rental of facilities and equipment		9 132 168	8 904 179	227 989	
Interest earned - external investments		35 094 411	32 886 504	2 207 907	Better cash flow due to savings on expenditure and improved collection rate led to better investment opportunities, which in turn led to an increase in interest earned
Interest earned - unamortised discount		-	-	-	
Interest earned - outstanding debtors		1 635 402	1 533 192	102 210	
Licences and permits		6 579 280	5 671 435	907 845	
Gain on de-recognition of Assets		1 738 335	-	1 738 335	More disposals than anticipated with budget process were realised during the year, especially on the sale of land.
Impairment / Fair Value adjustment of Investment Property		-	-	-	
Other income	30	43 160 218	36 076 586	7 083 632	The main contributors are additional revenue from external services contributions (R 5.5 m); Building plan fees (R1.2 m) and sale of land held for resale (R1.2 m).
<b>Total Revenue</b>		<b>958 400 775</b>	<b>965 004 575</b>	<b>(6 603 800)</b>	



COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)

	Notes	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
<b>EXPENDITURE</b>					
Employee related costs	32	243 654 622	248 002 308	(4 347 686)	The main contributors is lesser contributions on Social employee benefits, leave provision and to a lesser extend the vacant positions.
Remuneration of Councillors	33	9 786 303	10 301 035	( 514 732)	
Debt Impairment Costs	34	20 384 942	38 969 887	(18 584 945)	Mostly as a result less traffic fines issued and an improved collection rate on service charges.
Collection costs		5 718 148	6 188 039	( 469 891)	
Depreciation	35	63 701 544	70 255 986	(6 554 442)	Budgeted for all under construction assets to be finalised, which did not materialise.
Amortisation - Intangible Assets		91 688	6 454	85 234	
Actuarial losses		-	1 500 000	(1 500 000)	No actuarial losses on employee benefits were recognised.
Repairs and maintenance		51 712 154	56 375 130	(4 662 976)	The biggest contributors for the underspending are streets with R 1.7 m, whilst the rest is made up by various other types for example vehicles, electrical infrastructure etc.
Finance costs	36	7 164 900	3 152 634	4 012 266	No provision were made for the unwinding of interest the provision for landfill sites to the value of R4.2m.
Bulk purchases	37	276 942 760	270 889 805	6 052 955	Increased on expenditure due to conservative estimates on consumption for both water and electricity.
Contracted services	38	38 051 154	41 138 335	(3 087 181)	The savings are mainly due to security services, refuse and Internal audit cost.
Grants and subsidies paid	39	1 142 798	1 322 000	( 179 202)	
General expenses	40	97 383 807	141 590 713	(44 206 906)	This variance is mainly due to the underspending on housing top structures derecognised as agency services. Other general expense items which was underspent due to savings are bank charges, consultant fees and external audit fees
Impairment on Assets		-	-	-	
Loss on de-recognition of Assets		3 594 573	1 075 304	2 519 269	This was caused by the land held resale (middle income project)
Impairment / Fair Value adjustment of Investment Property		-	-	-	
<b>Total Expenditure</b>		<b>819 329 392</b>	<b>890 767 630</b>	<b>(71 438 238)</b>	
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>139 071 383</b>	<b>74 236 945</b>	<b>64 834 438</b>	

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF APPROVED AND FINAL BUDGET**

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
<b>REVENUE</b>				
<b><u>Revenue from Non-exchange Transactions</u></b>	<b>336 466 344</b>	<b>0</b>	<b>336 466 344</b>	
<b><u>Taxation revenue</u></b>	<b>103 857 512</b>	<b>0</b>	<b>103 857 512</b>	No adjustments were made to the Council Approved budget for Revenue.
Property rates	103 857 512	0	103 857 512	
<b><u>Transfer revenue</u></b>	<b>196 411 209</b>	<b>( 0)</b>	<b>196 411 209</b>	
Government grants and subsidies	192 214 259	( 0)	192 214 259	
Public contributions, donated and contributed PPE	4 196 950	-	4 196 950	
<b><u>Other non-exchange revenue</u></b>	<b>36 197 623</b>	<b>-</b>	<b>36 197 623</b>	
Fines	35 697 623	-	35 697 623	
Actuarial gains	500 000	-	500 000	
<b><u>Revenue from Exchange Transactions</u></b>	<b>628 542 233</b>	<b>( 1)</b>	<b>628 538 231</b>	
Property rates-penalties imposed & collection charges	541 300	-	541 300	
Service charges	542 925 035	( 0)	542 925 035	
Rental of facilities and equipment	8 904 179	0	8 904 179	
Interest earned - external investments	32 886 504	0	32 886 504	
Interest earned - outstanding debtors	1 533 192	0	1 533 192	
Licences and permits	5 671 436	( 1)	5 671 435	
Gain on de-recognition of Assets	-	-	-	
Impairment / Fair Value adjustment of Investment Property	-	-	-	
Other income	36 080 588	( 1)	36 076 586	
<b>Total Revenue</b>	<b>965 008 576</b>	<b>( 0)</b>	<b>965 004 575</b>	

**COMPARISON OF APPROVED AND FINAL BUDGET (Continued)**

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Explanations for material variances
<b>EXPENDITURE</b>				
Employee related costs	247 923 015	79 293	248 002 308	All adjustments made to the Expenditure budget were due to virements approved by Council between expenditure accounts. These adjustments has a zero nett effect on the total budget Approved by Council.
Remuneration of Councillors	10 301 035	-	10 301 035	
Debt Impairment Costs	38 969 886	1	38 969 887	
Collection costs	6 341 039	( 153 000)	6 188 039	
Depreciation	70 255 986	-	70 255 986	
Amortisation - Intangible Assets	6 454	-	6 454	
Actuarial losses	1 500 000	-	1 500 000	
Repairs and maintenance	57 965 296	(1 590 166)	56 375 130	
Finance costs	3 152 634	-	3 152 634	
Bulk purchases	270 889 805	( 0)	270 889 805	
Contracted services	40 787 900	350 435	41 138 335	
Grants and subsidies paid	1 322 000	-	1 322 000	
General expenses	140 281 279	1 313 438	141 590 713	
Loss on de-recognition of Assets	1 075 304	( 0)	1 075 304	
Impairment / Fair Value adjustment of Investment Property	-	-	-	
<b>Total Expenditure</b>	<b>890 771 634</b>	<b>( 0)</b>	<b>890 767 630</b>	
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>74 236 942</b>	<b>( 0)</b>	<b>74 236 945</b>	

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	Notes	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<u>Receipts:</u>		877 673 416	871 064 315	6 609 101	
Ratepayers		623 478 366	635 952 587	(12 474 221)	The major contributing factors are conservative budgeting for the collection of Service charges charges.
Government - Operating		120 624 814	135 064 718	(14 439 904)	Due to underspending of Housing grant
Government - Capital		45 030 472	35 682 480	9 347 991	Due to underspending of Housing grant
Other		88 539 765	64 364 530	24 175 235	External services contributions land held for resale and building plan fees exceeded the budget.
<u>Payments:</u>		701 069 269	756 222 019	(55 152 749)	
Suppliers		390 265 411	438 104 019	(47 838 608)	Underspending of the Housing emergency kits budget and underspending of Cleaning of Sewerage infrastructure assets and savings on water bulk purchases due to water availability
Employees		237 368 707	243 796 000	(6 427 293)	The main contributors is lesser contributions on social employee benefits, leave provision and to a lessor extend the vacant positions.
Other		73 435 152	74 322 000	( 886 848)	
Cash generated from/(utilised in) operations	46	176 604 147	114 842 297	61 761 850	
Interest received		34 816 538	34 419 695	396 843	
Interest paid	36	(2 894 419)	(3 144 771)	250 352	
<b>Net cash from operating activities</b>		<b>208 526 266</b>	<b>146 117 221</b>	<b>62 409 045</b>	

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET (Continued)

	Notes	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Capital Assets		(135 526 792)	(152 376 500)	16 849 708	Mainly due to the underspending of the Housing infrastructure projects.
Proceeds on de-recognition of Capital Assets	20	1 890 536	900 000	990 536	
(Increase)/decrease in long-term receivables		434 759	100 000	334 759	
(Increase)/decrease in Non-current Investments	24	(12 000 000)	(12 000 000)	-	The long term investment was budgeted under Cash and Cash equivalents.
<b>Net cash from investing activities</b>		<b>(145 201 497)</b>	<b>(163 376 500)</b>	<b>18 175 003</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase in consumer deposits	9	2 396 238	908 972	1 487 266	Consumer deposits were adjusted only with inflation, growth in number of deposits were more than expected.
Proceeds/(repayment) of finance lease liability	4	( 366 190)	( 300 000)	( 66 190)	
Proceeds/(repayment) of other long-term liabilities	5	3 978 263	3 378 290	599 973	
<b>Net cash from financing activities</b>		<b>6 008 311</b>	<b>3 987 263</b>	<b>2 021 049</b>	
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>69 333 080</b>	<b>(13 272 017)</b>	<b>82 605 097</b>	
Cash and cash equivalents at the beginning of the year		348 009 376	339 310 039	8 699 337	
Cash and cash equivalents at the end of the year	25	417 342 456	326 038 022	91 304 434	Reasons provided above

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

### COMPARISON OF APPROVED AND FINAL BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<u>Receipts:</u>	871 064 315	-	871 064 315	
Ratepayers	635 952 587	-	635 952 587	No adjustments were made to the Council Approved Cash flow Statement.
Government - Operating	135 064 718	-	135 064 718	
Government - Capital	35 682 480	-	35 682 480	
Other	64 364 530	-	64 364 530	
<u>Payments:</u>	756 222 019	-	756 222 019	
Suppliers	438 104 019	-	438 104 019	
Employees	243 796 000	-	243 796 000	
Other	74 322 000	-	74 322 000	
Cash generated from/(utilised in) operations	114 842 297	-	114 842 297	
Interest received	34 419 695	-	34 419 695	
Interest paid	(3 144 771)	-	(3 144 771)	
<b>Net cash from operating activities</b>	<b>146 117 221</b>	<b>-</b>	<b>146 117 221</b>	

COMPARISON OF APPROVED AND FINAL BUDGET (Continued)

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Capital Assets	(152 376 500)	-	(152 376 500)	No adjustments were made to the Council Approved Cash flow Statement.
Proceeds on de-recognition of Capital Assets	900 000	-	900 000	
(Increase)/decrease in long-term receivables	100 000	-	100 000	
(Increase)/decrease in Non-current Investments	(12 000 000)	-	(12 000 000)	
<b>Net cash from investing activities</b>	<b>(163 376 500)</b>	<b>-</b>	<b>(163 376 500)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in consumer deposits	908 972	-	908 972	
Proceeds/(repayment) of finance lease liability	( 300 000)	-	( 300 000)	
Proceeds/(repayment) of other long-term liabilities	3 378 290	-	3 378 290	
<b>Net cash from financing activities</b>	<b>3 987 263</b>	<b>-</b>	<b>3 987 263</b>	
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(13 272 017)</b>	<b>-</b>	<b>(13 272 017)</b>	
Cash and cash equivalents at the beginning of the year	339 310 039	-	339 310 039	
Cash and cash equivalents at the end of the year	326 038 022	-	326 038 022	

## Notes to the Annual Financial Statements

### Note 1: Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless stated otherwise.

#### 1.1 Basis of presentation

The Annual Financial Statements have been prepared on an accrual basis of accounting.

The financial statements have been prepared in accordance with the Municipal Finance Management Act, (Act 56 of 2003) and effective standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

The reporting framework is prescribed by the Accounting Standards Board (ASB) in Directive 5 of March 2009 (revised March 2015).

The effective standards, IFRSs and IFRICs, in accordance with Directive 5, Appendix B: 1 April 2015, of the Accounting Standards Board are summarised as follows:

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interest in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture



Reference	Topic
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities under Common Control
GRAP 106	Transfers of Functions Between Entities Not under Common Control
GRAP 107	Mergers
IPSAS 20	Related Party Disclosures
IFRS 4 (AC 141)	Insurance Contracts
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC 102)	Income Taxes
SIC – 25 (AC 425)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC – 29 (AC 429)	Service Concession Arrangements – Disclosures
IFRIC 12 (AC 445)	Service Concession Arrangements
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
IFRIC 21	Levies

The following list of directives, interpretations and guidelines of the Standards of GRAP form part of the GRAP reporting framework:

Reference	Topic
Directive 1	Repeal of Existing Transitional Provisions in, and consequential amendments to, Standards of GRAP
Directive 2	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
Directive 3	Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP
Directive 8	Transitional Provisions for Parliament and the Provincial Legislatures
Directive 9	The Application of the Standards of GRAP by Trading Entities
Directive 10	The Application of the Standards of GRAP by Public Further Education and Training Colleges
Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP
IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue (As revised in 2012)
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease

Reference	Topic
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 11	Consolidations – Special Purpose Entities
IGRAP 12	Jointly Controlled Entities – Non-monetary Contributions by Venturers
IGRAP 13	Operating leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
Guide 1	Guideline on Accounting for Public Private Partnerships

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised in 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP), including any interpretations of such Statements issued by the Accounting Practices Board.

Accounting policies applied are consistent with those used to present the previous year's financial statements.

In terms of Directive 7 "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible assets where the acquisition cost of an asset could not be determined.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or an intangible asset, an entity may estimate such fair value using depreciated replacement cost.

The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other Municipality has the same geographical setting as the Municipality and that the other Municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.
- in the case of land and buildings a value as determined by a registered valuator.

## **1.2 Standards, Amendments to Standards and Interpretations issued and approved but not yet effective**

a) Issued and approved without an effective date (these standards were not early adopted by the Municipality):

GRAP 18	Segment Reporting
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

b) Standards of GRAP that an entity may use to disclose information in its financial statements (this standard was not early adopted by the Municipality):

GRAP 20	Related Party Disclosures
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c) Directives approved by the Board which are not yet effective (this directive was not early adopted by the Municipality):

Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities
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## **1.3 Presentation currency**

These annual financial statements are presented in South African Rand and all amounts are rounded to the nearest Rand.

**1.4 Offsetting**

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

**1.5 Going concern assumption**

These annual financial statements have been prepared on a going concern basis.

**1.6 Comparative Information**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.7 Foreign currency transactions**

The Municipality will not incur a foreign currency liability other than that allowed by the Municipal Finance Management Act (MFMA).

**1.8 Presentation of Budget information**

General purpose financial reporting by municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The presentation of budget information is prepared in accordance with the GRAP standards. The annual financial statements and the budget are on the same basis of accounting, therefore a comparison between the budgeted and actual amounts for the reporting period are included in the Statement of Comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2016 to 30 June 2017.

Material differences or variances are defined as any differences or variance above 10% with a value of more than R1 000 000. Explanations for material differences between the approved and final budget are included in the annual financial statements.

Explanations for material differences between the final budget amounts and actual amounts are included the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

## **1.9 Housing Development Fund**

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998 and which requires that the Municipality maintains a separate housing operating account.

Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa), read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash backed and available funds are invested in accordance with the Municipality's investment policy,
- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Housing,
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets,
- Any interest earned on the investments of the fund is disclosed as interest earned in the statement of financial performance,
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund if funds are available and not already committed to approved existing Housing projects.

## **1.10 Reserves**

### **1.10.1 Capital Replacement Reserve (CRR)**

In order to finance capital assets from internal sources, amounts are transferred out of the accumulated surplus into the Capital Replacement Reserve (CRR) in terms of the funding and reserves policy adopted by the Municipality. The cash in the CRR can only be used to finance capital expenditure appropriated in an approved budget. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

## **1.11 Employee Benefits**

### **(a) Pension obligations**

The Municipality contributes to various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group has a legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the accounting period in which it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(b) *Post-Retirement Medical obligations***

The Municipality provides post-retirement healthcare benefits to its employees and retired employees of the Municipality, and to their registered dependants. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance. These obligations are valued annually by independent qualified actuaries.

**(c) *Long Service awards***

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised.

Payments are offset against the liability, including notional interest, resulting from the valuation by the actuaries is charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(d) *Ex gratia Gratuities***

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised.

Payments made by the Municipality are offset against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(e) *Accrued Leave pay***

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and is calculated as per collective bargaining council agreement.

**(f) *Accrued Annual and Performance bonuses***

Liabilities for annual and performance bonuses are recognised as they accrue to employees.

Annual bonuses accrue to employees on an annual basis, based on the employee contract. Performance bonuses accrue to senior managers on an annual basis, subject to certain conditions. These accruals are an estimate of the amount due to staff as at the financial year end.

**(g) *Other short-term employee benefits***

The cost of short-term employee benefits is recognised in the period in which the service is rendered. Liabilities are recognised as they accrue to employees.

## **1.12 Provisions**

A provision is recognised when the Municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

The Municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Performance.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be derecognised.



## **1.13 Leases**

### **1.13.1 The Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity.

Amounts held under finance leases are initially recognised as assets of the Municipality at the lower of their fair value at the inception of the lease or the present value of the future minimum lease payments.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they may be capitalised in accordance with the Municipality's policy on borrowing costs.

Operating leases are those leases that do not fall within the scope of the definition of a finance lease. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

### **1.13.2 The Municipality as Lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

**1.14 Long-term liabilities (Borrowings)**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

**1.15 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, are added to the costs of these assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets may be deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

**1.16 Payables from Exchange Transactions**

Payables from exchange transactions are originally carried at fair value and subsequently are measured at amortised cost using the effective interest method.

**1.17 Unspent Conditional Grants and Receipts**

Unspent conditional grants and receipts are reflected on the Statement of Financial Position as a current liability. They represent unspent government grants, subsidies and contributions from the public. This liability always has to be backed by cash.

The following provisions are set for the creation and utilisation of this liability:

- The cash which backs up the liability is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unspent conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unspent Conditional Grant into the statement of financial performance as revenue.

**1.18 Unpaid Conditional Grants and Receipts**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

**1.19 Value Added Tax**

The Municipality is registered for VAT on the payment basis. Revenue, expenses and assets are recognised net of the amount of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**1.20 Property, Plant and Equipment****1.20.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

All donated property, plant and equipment is recognised at its fair value.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost).

If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### 1.20.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### 1.20.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use and depreciation ceases at the earlier of the date that the asset is derecognised. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives at acquisition of all Property, Plant and Equipment. These useful lives can be extended in applying a review of useful lives.

Asset Category	Asset Sub Category	Useful Life in years
Infrastructure Assets	Elec. Generation	10 - 30
	Elec. Reticulation	10 - 45
	Refuse	10 - 100
	Roads, Pavements & Bridges	10 - 50
	Sewerage: Purification	20 - 120
	Sewerage: Reticulation	10 - 100
	Storm water	10 - 50
	Street Lighting	5 - 20
	Water: Dams & Reservoirs	20 - 50
	Water: Purification	10 - 100
	Water: Reticulation	10 - 120

<b>Asset Category</b>	<b>Asset Sub Category</b>	<b>Useful</b>
Community Assets	Buses	10 - 15
	Cemeteries	20 - 100
	Community Halls	15 - 100
	Community: Other	15 - 100
	Fire, Safety & Emergency	10 - 100
	Libraries	10 - 100
	Museums & Art Galleries	10 - 100
	Parks & Gardens	5 - 50
	Recreational Facilities	15 - 100
	Social Rental Housing	10 - 100
	Sport fields & Stadiums	10 - 100
	Swimming Pools	10 - 20
Other Assets	Civic Land & Buildings	20 - 100
	Computers: Hardware & Equipment	4 - 5
	Furniture & Office Equipment	7 - 30
	General Vehicles	7 - 15
	Buildings	50 - 100
	Land	Indefinite
	Other: Other Assets	5 - 15
	Plant & Equipment	5 - 30
	Security Measures	5 - 10
	Specialised Vehicles	12 - 30

#### **1.20.4 Derecognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.21 Investment Property**

#### **1.21.1 Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where the investment property was acquired for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use.

If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

### 1.21.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### 1.21.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use and depreciation ceases at the earlier of the date that the asset is derecognised. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives. These useful lives can be extended in applying a review of useful lives.

Asset Category	Asset Sub Category	Useful life in years		
Investment Properties	Investment Properties: Land	Indefinite		
	Investment Properties: Building	20	-	100
	Site Assets	8	-	30
	Fixtures to Buildings	7	-	30

#### **1.21.4 Derecognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.22 Intangible Assets**

#### **1.22.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the Municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

#### **1.22.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### **1.22.3 Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The annual amortisation rates are based on the following estimated useful lives at acquisition of intangible assets. These useful lives can be extended in applying a review of useful lives.

<b>Asset Category</b>	<b>Asset Sub Category</b>	<b>Useful life in Years</b>		
Intangible Assets	Intangible Assets: Other	5	-	20
	Intangible Assets: Software	4	-	10

### **1.22.4 Derecognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **1.23 Heritage assets**

### **1.23.1 Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Economic Entity, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

### **1.23.2 Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.



### **1.23.3 Depreciation and Impairment**

Heritage assets are not depreciated, since their long economic life and high residual value means that any depreciation would be immaterial.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

### **1.23.4 Derecognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

## **1.24 Biological assets**

### **1.24.1 Initial Recognition**

A biological asset is a living animal or plant which is part of an agricultural activity and entails the management of the biological transformation and harvest of biological assets for either the sale; distribution at no charge or for a nominal charge; or conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge. Agricultural produce is the harvested product of the Municipality's biological assets.

Biological assets shall be recognised when, and only when:

- a) the entity controls the asset as a result of past events;
- b) it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- c) the fair value or cost of the asset can be measured reliably.

Biological assets are measured on initial recognition at its fair value less costs to sell, except where the fair value cannot be measured reliably. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses.

### **1.24.2 Subsequent Measurement**

Biological assets are measured at each reporting period at their fair value less estimated point-of-sale costs. The fair value of the biological is determined based on current market prices, growth and/or volume and estimated value movement in point-of-sale cost.

### **1.24.3 Derecognition**

On derecognition of biological assets due sale or nominal charge, the proceeds as a result of the sale or nominal charge are recognised as revenue in the statement of financial performance for the period in which it arises, whilst the cost of sale (fair value less cost of sale) is recognised as an expenditure in the statement of financial performance.

## **1.25 Impairment of non-financial assets**

### **1.25.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

### **1.25.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- depreciated replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. With this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## **1.26 Non-current investments**

Non-current investments, which include fixed deposits invested in registered commercial banks, are stated at amortised cost using the effective interest method less any impairment. Where an investment has been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period the impairment is identified.

## **1.27 Inventories**

### **1.27.1 Initial Recognition**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### **1.27.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. In general, the basis of allocating cost to inventory items is the weighted average method.

## **1.28 Trade and other Receivables**

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. In determining whether an impairment should be recorded, the Municipality makes judgements as to whether there is observable data indicating a measurable decrease in the future cash flows from a financial asset.

When a trade receivable is uncollectible, it is written off in terms of the Municipality's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

## **1.29 Statutory Receivables**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

### **1.29.1 Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised.

### **1.29.2 Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account.

The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

### **1.29.3 Derecognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
  - (i) derecognise the receivable; and
  - (ii) recognise separately any rights and obligations created or retained in the transfer.

### **1.30 Cash and Cash Equivalents**

Cash includes cash on hand, call deposits and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand, call deposits and cash with banks, net of bank overdrafts.

### **1.31 Revenue Recognition**

#### **1.31.1 Revenue from exchange transactions**

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Service charges relating to **electricity and water** are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. At year-end the recognition is based on an estimate of the prepaid electricity consumed as at the reporting date. The consumption of pre-paid electricity is calculated by using a trend analysis and other historical data on electricity usage.

Service charges relating to **refuse removal** are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from **sewerage and sanitation** for residential and business properties are levied annually based on a fixed tariff.

**Rentals** are recognised on a straight-line basis over the term of the lease agreement.

**Revenue arising from the application of the approved tariff of charges** is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

**Interest earned on investments** is recognised in the Statement of Financial Performance on the effective interest rate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant liability, if the grant conditions indicate that interest is payable to the funder.

**Dividends** are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue from the **sale of goods** is recognised when **all** the following conditions have been satisfied:

- The Municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The income for **agency services** recognised is commission in terms of the agency agreement.

**Finance income from the sale of housing** by way of instalment sales agreements or finance leases is recognised on a time proportionate basis.

Revenue is measured at the fair value of the consideration received or receivable.



The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

### **1.31.2 Revenue from non-exchange transactions**

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from **property rates** is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

**Fines** constitute both spot fines and summonses. Fine revenue is recognised when the spot fine or summons are issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes/departments.

**Donations** are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use. **Contributed property, plant and equipment** are recognised when such items of property, plant and equipment are brought into use.

**Revenue from third parties** i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

**Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure** is based on legislated procedures, including those set out in the Municipal Finance Management Act, Act No.56 of 2003, and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

#### **Grants, Transfers and Donations**

Revenue received from **conditional grants, donations and funding** are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised, to the extent that the criteria, conditions or obligations have not been met.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, the Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

**1.32 Grants and Subsidies paid**

The Municipality transfers money to individuals and organisations from time to time, based on merit. When making these transfers, the Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction,
- Expect to be repaid in future, and
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events give rise to the transfer occurred.

**1.33 Changes in accounting policy, estimates and errors**

Changes in accounting policies have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Detail of changes in accounting policies are disclosed in the notes to the annual financial statements.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Detail of changes in accounting estimates are disclosed in the notes to the annual financial statements.

Prior period errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect or the error.

In such cases the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Detail of prior period errors are disclosed in the notes to the annual financial statements.

**1.34 Unauthorised Expenditure**

Unauthorised expenditure is any expenditure incurred otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (MFMA).

Unauthorised expenditure includes:

- Overspending of the total amount appropriated in the Municipality's approved budget,
- Overspending of the total amount appropriated for a vote in the approved budget,
- Expenditure from a vote unrelated to the department or functional area covered by the vote,
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose,
- Spending of an allocation received from another sphere of Government, Municipality, or organ of state otherwise than in accordance with any conditions of the allocation,

- A grant by the Municipality otherwise than in accordance with the MFMA.

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.35 Irregular Expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, Act No.56 of 2003, the Municipal Systems Act, Act No.32 of 2000, the Public Office Bearers Act, Act No. 20 of 1998 or is in contravention of the Municipality's supply chain management policy and which has not been condoned in terms of such act or policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.36 Fruitless and Wasteful Expenditure**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.37 Related parties**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Executive Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### **1.38 Interest in Joint Venture**

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.

Joint ventures take many different forms and structures. There are three broad types that meet the definition of a joint venture, namely:

- Jointly controlled operations
- Jointly controlled assets
- Jointly controlled entities

#### **Jointly controlled assets**

A jointly controlled asset involves joint control and often the joint ownership by the venturers of assets contributed to or acquired for the purpose of the joint venture and dedicated to the purpose of the joint venture, without the establishment of a corporation, partnership or other entity.

The Municipality accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

## **1.39 Financial Instruments**

The Municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

### **1.39.1 Financial Assets**

A financial asset is any asset that is a cash equivalent or contractual right to receive cash. The Municipality has the following types of financial assets as reflected in the Statement of Financial Position or in the notes thereto:

- Long-term Receivables
- Receivables from Exchange Transactions
- Other Receivables from Non-Exchange Transactions
- Current portion of Long-term Receivables
- Cash and Cash Equivalents

### **1.39.2 Financial Liabilities**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The Municipality has the following types of financial liabilities as reflected in the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Payables from exchange transactions
- Bank Overdraft
- Current Portion of Long-term Liabilities

### **1.39.3 Measurement**

#### **Initial Recognition:**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### **Subsequent Measurement:**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost.

Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

### **1.39.4 Impairment of Financial Assets**

Annually an assessment is made as to whether there is any impairment of Financial Assets. If so, the recoverable amount is estimated and an impairment loss is recognised.

**Receivables from exchange and non-exchange transactions** are stated at cost less a provision for impairment. The provision is made by assessing the recoverability of the receivables collectively after grouping the debtors in financial asset groups with similar credit risk characteristics.

**Loans and receivables** are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment. All classes of loans and receivables are separately assessed for impairment annually.

### 1.39.5 Derecognition of Financial Instruments

#### 1.39.5.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **1.39.5.2      Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### **1.39.6 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **1.40 Contingent Liabilities / Assets**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and liabilities are not recognised in the Statement of Financial Position.

Contingent liabilities are disclosed in the notes to the annual financial statements, unless it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are disclosed where an inflow of economic benefits or service potential is probable.



**1.41 Events after reporting date**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Events after the reporting date classified as adjusting events are accounted for in the financial statements.

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

**1.42 Contractual commitments**

Contractual commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.43 Significant accounting judgements and estimates**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the annual financial statements:

**Post-retirement medical obligations, Long service awards and Ex gratia gratuities**

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**Impairment of Receivables**

The calculation in respect of the impairment of service debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

The calculation in respect of the impairment of Traffic fines is based on an assessment of the past payment history of fines per category.

**Property, plant and equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time. For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

**Intangible assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

**Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

The Municipality considers a project to be significantly delayed after a delay period of 12 months.

**Provisions and contingent liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material. (Refer to above accounting policies on estimates made)

**Revenue Recognition**

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions above describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

Fine revenue is recognised when the spot fine or summons are issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes/departments. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

**Allowance for slow moving, damaged and obsolete stock**

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note when found material.

**Notes 2 – 56: Other Notes to Annual Financial Statements**

**2. HOUSING DEVELOPMENT FUND**

	2017 R	2016 R
Balance at beginning of the year	21 560	750 539
Income	6 857	13 583
Land Sales	5 726	4 335
Interest on investments	1 131	9 248
Less: Expenditure	-	742 562
Funding Capital Projects	-	-
Funding Operating Projects	-	742 562
<b>Total Housing Development Fund assets and liabilities</b>	<b>28 417</b>	<b>21 560</b>

**3. CAPITAL REPLACEMENT RESERVE**

	2017 R	2016 R
Balance at beginning of the year	126 575 281	129 630 102
Transfer from	106 141 119	78 186 735
Land Sales contribution	3 927 616	7 238 682
External Services contribution	7 512 760	5 361 570
Contribution from Operating account	63 700 743	65 586 483
Other	31 000 000	-
Less: Expenditure	91 542 450	81 241 556
Funding Capital Projects	91 542 450	81 241 556
<b>Total Capital Replacement Reserve</b>	<b>141 173 950</b>	<b>126 575 281</b>

The Capital Replacement Reserve is fully funded and invested in financial instruments.

**4. FINANCE LEASE LIABILITY**

	2017 R	2016 R
Computers (Rentworks Africa)	186 911	542 343
Office equipment (Nashua, Minolta & ITEC)	93 329	104 087
Sub-total	280 240	646 430
<b>Less: Current portion transferred to current liabilities</b>	<b>261 364</b>	<b>453 947</b>
Computers (Rentworks Africa)	186 911	402 466
Office equipment (Nashua, Minolta & ITEC)	74 453	51 482
<b>Total Finance lease liability</b>	<b>18 876</b>	<b>192 483</b>

Finance lease liability:

Finance lease liabilities relate to computers and office equipment with lease terms not more than five years. Finance leases bear interest at rates between 9.27 and 31.9 percent for Computers and between 9 and 31 percent for Office Equipment. Finance lease liabilities are secured over the items of office equipment and computers leased.

**Obligations under Finance leases:**

Finance lease liabilities - Minimum capital lease payments:

	2017 R	2016 R
Not later than 1 year	276 305	423 234
Later than 1 year and not later than 5 years	19 860	356 389
Later than 5 years	-	-
	296 165	779 624
Future finance charges on finance leases	( 15 925)	( 133 193)
	280 240	646 430

The present value of finance lease liabilities is as follows:

	2017 R	2016 R
Not later than 1 year	261 364	314 150
Later than 1 year and not later than 5 years	18 877	332 280
Later than 5 years	-	-
	280 240	646 430

Refer to Note 42.1 for details regarding the restatement of previous year balances.

**5. OTHER LONG-TERM LIABILITIES**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Local registered stock loans	106 110	333 487
Long-term loans	30 993 649	26 800 000
Sub-total	31 099 759	27 133 487
<b>Less: Current portion transferred to current liabilities</b>	<b>2 802 941</b>	<b>2 967 763</b>
Local registered stock loans	61 538	215 386
Long-term loan	2 741 403	2 752 377
<b>Total Other Long-term Liabilities</b>	<b>28 296 818</b>	<b>24 165 725</b>

Refer to Appendix A for more detail on Long-term liabilities.

Local registered stock loans:

Local registered stock loans bear interest at rates between 12 and 15 percent per annum and are repayable between one and six years.

Long-term loan:

The Municipality has taken up a R30 million loan from the Development Bank of South Africa to fund the Seawater Desalination plant constructed in the 2010/11 financial year. This loan bear interest at a floating rate of 10.617%.

The Municipality has taken up a R4,8 million loan from ABSA Bank in the 15/16 financial year and an amount of R6,5 million in the current financial year to fund the Midbrak main sewer network project. These loan are both for a period of 10 years and bear interest at a all-in rate of 9.25% and 9.75% respectively.

**6. NON-CURRENT PROVISIONS**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Rehabilitation of Landfill sites	75 460 759	71 202 727
Clearing of Alien Vegetation	23 900 038	20 124 054
	99 360 797	91 326 781
<b>Less: Transfer to Current Provisions</b>	<b>5 164 096</b>	<b>1 062 300</b>
Rehabilitation of Landfill sites	4 909 532	-
Clearing of Alien Vegetation	254 564	1 062 300
<b>Total Non-Current Provisions</b>	<b>94 196 700</b>	<b>90 264 481</b>
Rehabilitation of Landfill sites	70 551 226	71 202 727
Clearing of Alien Vegetation	23 645 474	19 061 754

The movement in non-current provisions is reconciled as follows:

**30 June 2017**

	<u><b>Alien Vegetation</b></u>	<u><b>Rehabilitation of Landfill Sites</b></u>
	<b>R</b>	<b>R</b>
Balance at beginning of year	19 061 754	71 202 727
Contribution to provisions / Finance Costs	4 838 284	4 258 032
Reversal of unused amounts from current	845 436	-
Transfer to current provision	(1 100 000)	(4 909 532)
<b>Balance at end of year</b>	<b>23 645 474</b>	<b>70 551 226</b>

**30 June 2016**

	<u><b>Alien Vegetation</b></u>	<u><b>Rehabilitation of Landfill Sites</b></u>
	<b>R</b>	<b>R</b>
Balance at beginning of year	12 939 026	66 667 596
Contribution to provisions / Finance Costs	7 185 028	3 544 195
Reversal of unused amounts from current	-	990 936
Transfer to current provision	(1 062 300)	-
<b>Balance at end of year</b>	<b>19 061 754</b>	<b>71 202 727</b>

**6.1 REHABILITATION OF LANDFILL SITES**

Provision is made in terms of the Municipality's licensing stipulations for the rehabilitation of landfill sites. The provision has been determined by consulting engineers. The payment dates for the total closure and rehabilitation are uncertain, but are expected to be finalised by 2018.

**6.2 CLEARING OF ALIEN VEGETATION**

Provision is made for the clearing of alien vegetation as settlement of the obligations in response to the promulgation of the National Environmental Management Biodiversity Act (NEMBA): Invasive alien species regulations in 2014. In terms of these regulations local authorities must prepare an alien invasive species control plan that complies with section 76 of the NEMBA. It is uncertain when the full settlement of this provision will be finalised.

**7. EMPLOYEE BENEFITS**

	2017 R	2016 R
Post Employment Health Care Benefits	78 430 000	96 341 000
Ex-Gratia Gratuities	1 546 000	1 625 000
Long Service Awards	15 326 000	14 673 000
	<u>95 302 000</u>	<u>112 639 000</u>
<b>Less: Transfer to Current liability</b>	7 156 000	5 544 000
Post Employment Health Care Benefits	5 392 000	4 265 000
Ex-Gratia Gratuities	202 000	279 000
Long Service Awards	1 562 000	1 000 000
	<u>88 146 000</u>	<u>107 095 000</u>
<b>Total Non-Current liability</b>	88 146 000	107 095 000
Post Employment Health Care Benefits	73 038 000	92 076 000
Ex-Gratia Gratuities	1 344 000	1 346 000
Long Service Awards	13 764 000	13 673 000

**The movement in Employee benefits is reconciled as follows:**

	<u>Post Empl</u> <u>Health care</u> <u>Benefits</u> R	<u>Ex-Gratia</u> <u>Gratuities</u> R	<u>Long Service</u> <u>Awards</u> R
<b>30 June 2017</b>			
Balance at beginning of year	96 341 000	1 625 000	14 673 000
Interest Cost	3 871 000	129 000	1 100 000
Service cost & transitional liability	7 706 000	-	1 344 000
Benefit payments (Expenditure incurred)	(5 000 303)	( 198 052)	(1 021 155)
Actuarial (gain) / loss	(24 487 697)	( 9 948)	( 769 845)
Transfer to current provision	(5 392 000)	( 202 000)	(1 562 000)
<b>Balance at end of year</b>	<u>73 038 000</u>	<u>1 344 000</u>	<u>13 764 000</u>
<b>30 June 2016</b>			
Balance at beginning of year	86 151 000	1 742 000	13 917 000
Interest Cost	3 052 000	150 000	1 153 000
Service cost & transitional liability	7 785 000	-	1 272 000
Benefit payments (Expenditure incurred)	(4 363 946)	( 198 263)	( 910 414)
Actuarial loss / (gain)	3 716 946	( 68 737)	( 758 586)
Transfer to current provision	(4 265 000)	( 279 000)	(1 000 000)
<b>Balance at end of year</b>	<u>92 076 000</u>	<u>1 346 000</u>	<u>13 673 000</u>

**DEFINED BENEFIT PLAN INFORMATION**

**7.1 POST EMPLOYMENT HEALTH CARE BENEFITS**

**7.1.1 Introduction and Statistics used:**

The employer's post-employment health care liability consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. This liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member.

Subsidy Arrangements

Mossel Bay is committed to pay subsidies broadly as follows:

- All new continuation pensioners (that are currently still in service) and their dependants will receive a 70% subsidy subject to the maximum (CAP) amount of R3,871 (per month per member) for the period 1 July 2016 to 30 June 2017. The maximum (CAP) amount was R3,898.28 in the previous financial year.
- All existing continuation pensioners and their dependants will continue to receive a 70% subsidy subject to the maximum (CAP) amount of R3,871 (per month per member) for the period 1 July 2016 to 30 June 2017. That said, there are four continuation pensioners who receive a 100% subsidy. The maximum (CAP) amount was R3,898.28 in the previous financial year.

Valuation Method

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's post-employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP 25.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2017	2016
- Active employees	462	463
- Continuation pensioners	128	125
<b>Total</b>	<b>590</b>	<b>588</b>

The unfunded liability in respect of past service has been estimated as follows:

	2017 R	2016 R
- Active employees	30 789 000	42 602 000
- Continuation pensioners	47 641 000	53 739 000
	<b>78 430 000</b>	<b>96 341 000</b>

**Summary of Active employees:**

Number of Principal members	462	463
Average age (years)	42.1	42.4
Average past service (years)	10.5	10.2
Average employer monthly contribution	R 2 379	R 1 977

**Summary of Continuation pensioners:**

Number of Principal members	128	125
Average age (years)	67.5	71.6
Average employer monthly contribution	R 3 471	R 3 046

The active employees were assumed to have one dependent, on retirement, in the form of a spouse, as per the marriage assumption table.

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas;
- HOSMED;
- LA Health;
- Key Health;
- SAMWUMED.

**7.1.2 Results of Valuation:**

**1) Accrued Liability**

	2017 R	2016 R
Active employees	30 789 000	42 602 000
Continuation pensioners	47 641 000	53 739 000
<b>All members</b>		
Total Value of liabilities	78 430 000	96 341 000
Value of assets	-	-
<b>Unfunded Accrued Liability</b>	<b>78 430 000</b>	<b>96 341 000</b>

The total liability decreased by 18.6% over the accounting period.

**2) Current-Service and Interest Costs**

	2017 R	2016 R
Current-service Cost (Active employees)	3 871 000	3 052 000
Interest Cost (All members)	7 706 000	7 785 000
<b>Total Cost</b>	<b>11 577 000</b>	<b>10 837 000</b>

**3) Actuarial gains and losses**

	2017 R	2016 R
Actuarial (Gain) / Loss for the period	<b>(24 487 697)</b>	<b>3 716 946</b>

The main reasons for the actuarial gain can be attributed to the following factors:

**1. Discount rate changes** – The net discount rate changed from 0.75% to 2.10% during the valuation period. The net discount rate is inversely related to the provision towards the post employment medical subsidies. The increased net discount rate results in a lower accrued liability. As a result, the accrued liability **decreased** by **R 12 281 000** in the current valuation period.

**2. Participant changes** - The movements in the number of participants resulted in a **decrease** to the accrued liability by **R 14 347 000**.

**3. Medical inflationary changes** – The medical inflation assumption in the previous valuation period was lower than the actual increases in the medical contributions experienced by participants. This **increased** the liability with **R 2 497 000**.

**4. Miscellaneous** – The miscellaneous items in the data resulted in a **decrease** to the liability by **R 356 000**. Factors that make up the miscellaneous items are changes to data from prior year and variations from demographic assumptions (i.e. rates of withdrawal).

**4) Past and Future Changes in the Accrued Liability**

	Year ending 30/06/2015 R	Year ending 30/06/2016 R	Year ending 30/06/2017 R	Year ending 30/06/2018 R	Year ending 30/06/2019 R
<b>Opening Accrued Liability</b>	<b>81 877 000</b>	<b>86 151 000</b>	<b>96 341 000</b>	<b>78 430 000</b>	<b>83 680 000</b>
Current-service Cost	2 793 000	3 052 000	3 871 000	2 933 000	3 228 000
Interest Cost	7 391 000	7 785 000	7 706 000	7 709 000	8 398 000
Contributions (Benefit payments)	(3 955 573)	(4 363 946)	(5 000 303)	(5 392 000)	(5 813 000)
<b>Total Annual Expense</b>	<b>6 228 427</b>	<b>6 473 054</b>	<b>6 576 697</b>	<b>5 250 000</b>	<b>5 813 000</b>
Actuarial Loss / (Gain)	(1 954 427)	3 716 946	(24 487 697)	-	-
<b>Closing Accrued Liability</b>	<b>86 151 000</b>	<b>96 341 000</b>	<b>78 430 000</b>	<b>83 680 000</b>	<b>89 493 000</b>

**7.1.3 Key actuarial assumptions used:**

Valuation Assumptions

It is the relative levels of the discount rate and health care cost inflation to one another that are important, rather than the nominal values. The assumption regarding the relative levels of these two rates is the expectation of the long-term average.

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.



### 1) Financial Variables

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

Net Discount Rate	2017	2016
Discount rate (D)	10.07%	8.18%
Consumer price inflation (C)	6.81%	5.87%
Health care cost inflation (H)	7.81%	7.37%
Net discount rate $((1+D)/(1+H)-1)$	2.10%	0.75%

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2016 the duration of liabilities was 13.17 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2017 is 10.07% per annum, and the yield on the inflation-linked bonds of a similar term was about 2.58% per annum, implying an underlying expectation of inflation of 6.81% per annum  $([1 + 10.07\% - 0.05\%] / [1 + 2.58\%] - 1)$ .

A healthcare cost inflation rate of 7.81% was assumed. This is 1.0% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. A net discount factor of 2.10% per annum  $([1 + 10.07\%] / [1 + 7.81\%] - 1)$  has thus been assumed. This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective.

### 2) Demographic and Decrement Assumptions

The demographic and decrement assumptions were consistent in the previous and current valuation period, and are as

	Active employees	Pensioners
Normal retirement age	65	-
Fully accrued age (to take account for ill-health and early retirement decrements)	63	-
Employment age used for past service period	Actual service entry ages	
Age difference between spouses	5 years	Actual ages used
Proportion married	Actual marital status	
Mortality	SA85-90 (Normal)	PA (90)

### 3) Withdrawal rates

The following withdrawal assumptions were applicable over the current valuation periods:

Age Band	Withdrawal rate Males	Withdrawal rate Females
20 - 24	16%	24%
25 - 29	12%	18%
30 - 34	10%	15%
35 - 39	8%	10%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	1%	1%
60 +	0%	0%

### 4) Continuation Percentages

The assumption is that continuation of the post-employment health care subsidy would be at 100% of active employees, or their surviving dependants.

#### 7.1.4 The amounts recognised in the Statement of Financial Position are as follows:

	2017 R	2016 R
Present value of fund obligations	78 430 000	96 341 000
Fair value of plan assets	-	-
<b>Unfunded Accrued Liability</b>	<b>78 430 000</b>	<b>96 341 000</b>
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost	-	-
Unrecognised Actuarial Gains/(Losses)	-	-
Miscellaneous Item	-	-
<b>Net liability</b>	<b>78 430 000</b>	<b>96 341 000</b>

**7.1.5 The amounts recognised in the Statement of Financial Performance are as follows:**

	2017 R	2016 R
Current service cost	3 871 000	3 052 000
Interest cost	7 706 000	7 785 000
Actuarial (gains) / losses	(24 487 697)	3 716 946
Total included in employee related costs (Note 32) and Actuarial losses / (gains)	<u>(12 910 697)</u>	<u>14 553 946</u>

**7.1.6 History of Liabilities, Assets and Experience Adjustments**

**i) Present value of accrued liability and Fair value of plan assets**

	Year ending 30/06/2013 R'000	Year ending 30/06/2014 R'000	Year ending 30/06/2015 R'000	Year ending 30/06/2016 R'000	Year ending 30/06/2017 R'000
Present value of accrued liability	141 568	81 877	86 151	96 341	78 430
Fair Value of plan asset	-	-	-	-	-
<b>Surplus / (deficit)</b>	<b>( 141 568)</b>	<b>( 81 877)</b>	<b>( 86 151)</b>	<b>( 96 341)</b>	<b>( 78 430)</b>

**ii) Experience adjustments**

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments for the current period is as follows:

	Year ending 30/06/2013 R'000	Year ending 30/06/2014 R'000	Year ending 30/06/2015 R'000	Year ending 30/06/2016 R'000	Year ending 30/06/2017 R'000
Plan liabilities (Gain) / Loss	1 932	622	( 145)	( 91)	( 12)
Plan assets	-	-	-	-	-

**7.1.7 Sensitivity Analysis:**

The accrued liability is a function of the valuation assumptions, and which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses recognised immediately in the income statement by Mossel Bay Municipality.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

Long-term Discount Rate

The effect of a one percent increase and decrease in the long-term discount rate is as follows:

	1% decrease R000's	30 June 2017 Valuation basis R000's	1% increase R000's
Employer's accrued liability	88 982	78 430	69 750
Service cost	3 494	2 933	2 485
Interest cost	7 901	7 709	7 515

As per the table above, a 1% increase in the long-term discount rate results in a 11.07% decrease in the accrued liability whilst a 1% decrease in the long-term discount rate will result in a 13.45% increase in the accrued liability.

Mortality

The table that follows shows the impact of a change in the mortality assumption from the base assumption of PA(90). It shows the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%.

	-20% Mortality rate R000's	30 June 2017 Valuation basis R000's	+20% Mortality rate R000's
Employer's accrued liability	83 175	78 430	74 515
Service cost	3 054	2 933	2 827
Interest cost	8 187	7 709	7 316

\* Reducing the mortality by 20% implies that for each beneficiary they are likely to live longer having been assigned a mortality rate applicable to a younger individual and vice-versa when the mortality is increased by 20%.

The 20% negative adjustment would result in a 6.05% increase in the accrued liability whilst a 20% positive adjustment would result in a 4.99% decrease in the accrued liability.

## 7.2 EX-GRATIA GRATUITIES

### 7.2.1 Introduction and Statistics used:

The employer's Ex-Gratia Pensions liability consists of a commitment to pay pensions to eligible employees upon meeting the condition admissible for an Ex-Gratia Pension. This liability is also generated in respect of spouse dependants who are offered continued Ex-Gratia pensions on the death of the primary Ex-Gratia pensioner.

Mossel Bay is committed to pay Ex-Gratia Pensions as follows:

- Certain pensions are paid by the Municipality from its revenue and are therefore not funded by any of the Municipality's pension funds. The Revenue Pensions are also referred to as "Ex-Gratia" Pensions. Ex-Gratia pensioners receive a monthly Ex-Gratia pension, increased annually and payable for life.
- Spouses receive 60% upon the Ex-Gratia pensioner's death.
- Ex-Gratia Pension increase aim to target 50% of long term CPI.

#### Valuation Method

In accordance with the requirements of GRAP 25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's Ex-Gratia Pensions costs in respect of an Ex-Gratia pensioner should be fully recognised by the time that the Ex-Gratia pensioner reaches fully accrued age whilst in service. The valuation has been made with reference to the Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP 25.

#### Statistics on eligible retirees:

	2017	2016
Number of Pensioners	7	8
Average monthly subsidy	R 2 330	R 2 065
Pension-weighted average age (years)	80.1	82.0

### 7.2.2 Results of Valuation:

#### 1) Accrued Liability

	2017	2016
	R	R
Total Value of liabilities	1 546 000	1 625 000
Value of assets	-	-
<b>Unfunded Accrued Liability</b>	<b>1 546 000</b>	<b>1 625 000</b>

The total liability decreased by 4.9% over the accounting period.

#### 2) Current-Service and Interest Costs

	2017	2016
	R	R
Total Interest Costs	129 000	150 000

The service cost is nil as there are not active employees accruing service towards this benefit.

#### 3) Actuarial gains and losses

	2017	2016
	R	R
Actuarial (Gain)/Loss for the period	( 9 948)	( 68 737)

The main reasons for the actuarial gain can be attributed to the following factors:

**1. Discount rate changes** – The net discount rate changed from 5.34% to 5.72% during the valuation period. The net discount rate is inversely related to the provision towards the Ex-Gratia pensions. The increased net discount rate resulted in a **decrease of R 41 000** in the current valuation period.

**2. Participant changes** - The movements in the number of participants, from 8 to 7, resulted in a **decrease** in the accrued liability of **R 5 000**.

**3. Miscellaneous** - The miscellaneous items in the data resulted in an **increase** to the liability of **R 36 000**. Factors that make up the miscellaneous items are changes to data from prior year and variations from demographic assumptions (i.e. rates of withdrawal).

**4) Past and Future Changes in the Accrued Liability**

	Year ending 30/06/2015	Year ending 30/06/2016	Year ending 30/06/2017	Year ending 30/06/2018	Year ending 30/06/2019
	R	R	R	R	R
<b>Opening Accrued Liability</b>	<b>1 822 000</b>	<b>1 742 000</b>	<b>1 625 000</b>	<b>1 546 000</b>	<b>1 468 000</b>
Current-service Cost*	-	-	-	-	-
Interest Cost	142 000	150 000	129 000	124 000	118 000
Benefit payments	( 198 263)	( 198 263)	( 198 052)	( 202 000)	( 207 000)
<b>Total Annual Expense</b>	<b>( 56 263)</b>	<b>( 48 263)</b>	<b>( 69 052)</b>	<b>( 78 000)</b>	<b>( 89 000)</b>
Actuarial (Gain) / Loss	( 23 737)	( 68 737)	( 9 948)	-	-
<b>Closing Accrued Liability</b>	<b>1 742 000</b>	<b>1 625 000</b>	<b>1 546 000</b>	<b>1 468 000</b>	<b>1 379 000</b>

\*The service cost is nil as there are no active employees accruing service towards this benefit.

**7.2.3 Key actuarial assumptions used:**

**1) Financial Variables**

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

<b>Net Discount Rate</b>	<b>2017</b>	<b>2016</b>
Discount rate (D)	8.55%	8.71%
Consumer price inflation (C)	5.35%	6.39%
Ex-Gratia pension increase (50% of CPI)	2.68%	3.20%
Net discount rate $((1+D)/(1+H)-1)$	5.72%	5.34%

It is the relative levels of the discount rate and Ex-Gratia pension increase target to one another that are important, rather than the nominal values. The assumption regarding the relative levels of these two rates is the expectation of the long-term average.

GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2016 the duration of liabilities was 6.15 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2017 is 8.55% per annum, and the yield on the inflation-linked bonds of a similar term was about 2.56% per annum, implying an underlying expectation of inflation of 5.35% per annum  $((1 + 8.55\% - 0.5\%) / [1 + 2.56\%] - 1)$ .

An Ex-Gratia pension increase rate of 2.68% was assumed. This is 50% of the expected inflation over the expected term of the liability.

However, it is the relative levels of the discount rate and Ex-Gratia pension increase to one another that are important, rather than the nominal values. A net discount factor of 5.72% per annum  $((1 + 8.55\%) / [1 + 2.68\%] - 1)$  has thus been assumed. This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective.

**2) Demographic and Decrement Assumptions**

The demographic and decrement assumptions were consistent in the previous and current valuation period, and are as

	<b>Ex-Gratia Pensioners</b>
Age difference between spouses	Males 5 years older than Females
Proportion married	Actual marital status
Mortality	PA (90)

**3) Continuation Percentages**

The assumption is that continuation of the Ex-Gratia pension would be at 60% of the principal Ex-Gratia pensioner.

**7.2.4 The amounts recognised in the Statement of Financial Position are as follows:**

	2017 R	2016 R
Present value of fund obligations	1 546 000	1 625 000
Fair value of plan assets	-	-
<b>Unfunded Accrued Liability</b>	<b>1 546 000</b>	<b>1 625 000</b>
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost	-	-
Unrecognised Actuarial Gains/(Losses)	-	-
Miscellaneous Item	-	-
<b>Net liability</b>	<b>1 546 000</b>	<b>1 625 000</b>

**7.2.5 The amounts recognised in the Statement of Financial Performance are as follows:**

	2017 R	2016 R
Current service cost	-	-
Interest cost	129 000	150 000
Actuarial losses/ (gains)	( 9 948)	( 68 737)
Total included in employee related costs (Note 32) and Actuarial losses / (gains)	<b>119 052</b>	<b>81 263</b>

**7.2.6 History of Liabilities, Assets and Experience Adjustments:**

**1) Present value of accrued liability and Fair value of plan assets**

	Year ending 30/06/2013 R	Year ending 30/06/2014 R	Year ending 30/06/2015 R	Year ending 30/06/2016 R	Year ending 30/06/2017 R
Present value of accrued liability	1 793 426	1 822 000	1 742 000	1 625 000	1 546 000
Fair Value of plan asset	-	-	-	-	-
<b>Surplus / (deficit)</b>	<b>(1 793 426)</b>	<b>(1 822 000)</b>	<b>(1 742 000)</b>	<b>(1 625 000)</b>	<b>(1 546 000)</b>

**2) Experience adjustments**

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

	Year ending 30/06/2013 R	Year ending 30/06/2014 R	Year ending 30/06/2015 R	Year ending 30/06/2016 R	Year ending 30/06/2017 R
Plan liabilities (Gain) / Loss	207 048	16 000	( 23 737)	5 000	( 5 000)
Plan assets	-	-	-	-	-

**7.2.7 Sensitivity analysis:**

The accrued liability is a function of the valuation assumptions, and which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses recognised immediately in the income statement by Mossel Bay Municipality.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

Discount rate

The effect of a one percent increase and decrease in the net discount rates is as follows:

	1% decrease R000's	30 June 2017 Valuation basis R000's	1% increase R000's
Employer's accrued liability	1 643	1 546	1 460
Interest cost	117	124	130

As per the table above, a 1% increase in the net discount rate results in a 5.56% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 6.27% increase in the accrued liability.

### Mortality

The table that follows shows the impact of a change in the mortality assumption from PA(90) to PA(90)-2 with a two year adjustment.

	30 June 2017 Valuation basis	PA(90)-2
	R000's	R000's
Employer's accrued liability	1 546	1 660
Interest cost	124	134

\* PA(90)-2 (PA(90) with a two-year age adjustment) means that, to each beneficiary we assigned a mortality rate of an individual two years younger than that beneficiary, ie lighter mortality implying that the individual lives longer than expected in the valuation basis.

The above table highlights the effects of a two year adjustment to the mortality assumption as at 30 June 2017. The adjustment would result in a 7.37% increase in the accrued liability.

## **7.3 LONG SERVICE AWARDS**

### **7.3.1 Introduction and Statistics used:**

#### Long Service Awards Liabilities

The long service bonus awards are accumulated leave days allocated for years of service by the employee to the Municipality. The long service bonus awards are allocated in the form of annual leave days and is convertible into cash in the year the employee attains the service eligible for an award. As a result the award is also a function of the employee's annual salary. The annual salary is converted into a daily salary by dividing the annual salary by 249.

Accounting Standard GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

#### Valuation Method

Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date.

In determining these liabilities, due allowance has been made for future award increases.

For each employee, this projection is based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death.

In accordance with the requirements of GRAP 25, the Projected Unit Credit method of funding has been applied.

#### Nature of the liability

The employer's long service bonus awards consist of an obligation to pay out a bonus in the year the employee attains the required service. This obligation represents a liability to the employer and the value is represented by the present value of the

Mossel Bay Municipality offers bonuses for every 5 years of completed service from 10 years to 45 years. In addition a 14th Cheque is awarded from 30 years of service onwards to 45 years. Below we outline the benefits awarded to qualifying employees.

Completed Service (Years)	Long Service Bonus Award (Working Days)	14th Cheque	Determination of cash bonus
10	10	-	(10/249*) x Annual Salary
15	15	-	(15/249*) x Annual Salary
20	20	-	(20/249*) x Annual Salary
25	25	-	(25/249*) x Annual Salary
30	30	14th cheque = 1/12 x Annual Salary	(30/249* + 1/12) x Annual Salary
35	35	14th cheque = 1/12 x Annual Salary	(35/249* + 1/12) x Annual Salary
40	40	14th cheque = 1/12 x Annual Salary	(40/249* + 1/12) x Annual Salary
45	45	14th cheque = 1/12 x Annual Salary	(45/249* + 1/12) x Annual Salary

\*A day of accumulated leave is worth 1/249 of the annual salary

Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. The assumption is that in all cases, employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash.

Valuation of Assets

We are not aware of any assets set aside for long service bonus awards funding that qualify as plan assets in terms of the requirements of GRAP 25. As such a nil value has been ascribed to the fair value of plan assets.

Statistics on eligible employees:

	2017	2016
Number of eligible employees	880	868
Average annual salary (Rand)	167 680	147 777
Salary-weighted average age (years)	42.34	42.37
Salary-weighted average past service (years)	10.07	9.98

**7.3.2 Results of Valuation:**

1) Accrued Liability

	2017 R	2016 R
Total Value of liabilities	15 326 000	14 673 000
Value of assets	-	-
<b>Unfunded Accrued Liability</b>	<b>15 326 000</b>	<b>14 673 000</b>
<b>Average liability per member</b>	<b>17 416</b>	<b>16 904</b>

The total liability increased by 4.5% over the accounting period.

2) Current-Service and Interest Costs

	2017 R	2016 R
Current-service Cost	1 100 000	1 153 000
Interest Cost	1 344 000	1 272 000
<b>Total Cost</b>	<b>2 444 000</b>	<b>2 425 000</b>

3) Actuarial gains and losses

	2017 R	2016 R
Actuarial (Gain)/Loss for the period	( 769 845)	( 758 586)

The main reasons for the actuarial loss can be attributed to the following factors:

**1. Discount rate changes** – The net discount rate changed from 0.76% to 1.60% during the valuation period. The net discount rate is inversely related to the provision towards future bonus payments. The increased net discount rate resulted in a **decrease of R 925 000** in the accrued liability in the current valuation period.

**2. Staff changes** – Movements in the staff employed by Mossel Bay Municipality resulted in a **decrease** to the accrued liability of **R 638 000**.

**3. Salary changes** – The salary increases anticipated as at 01 July 2017 resulted in an **increase** to the liability of **R 1 186 000**.

**4. Miscellaneous** – The miscellaneous items in the data resulted in a **decrease** to the liability by **R 393 000**. Factors that make up the miscellaneous items are changes to membership composition, data changes, variations from demographic assumptions

4) Past and Future Changes in the Accrued Liability

	Year ending 30/06/2015	Year ending 30/06/2016	Year ending 30/06/2017	Year ending 30/06/2018	Year ending 30/06/2019
	R	R	R	R	R
<b>Opening Accrued Liability</b>	<b>13 276 000</b>	<b>13 917 000</b>	<b>14 673 000</b>	<b>15 326 000</b>	<b>16 179 000</b>
Current-service Cost	1 094 000	1 153 000	1 100 000	1 122 000	1 132 000
Interest Cost	1 088 000	1 272 000	1 344 000	1 293 000	1 394 000
Benefit payments	(1 043 473)	( 910 414)	(1 021 155)	(1 562 000)	(1 006 000)
<b>Total Annual Expense</b>	<b>1 138 527</b>	<b>1 514 586</b>	<b>1 422 845</b>	<b>853 000</b>	<b>1 520 000</b>
Actuarial Loss / (Gain)	( 497 527)	( 758 586)	( 769 845)	-	-
<b>Closing Accrued Liability</b>	<b>13 917 000</b>	<b>14 673 000</b>	<b>15 326 000</b>	<b>16 179 000</b>	<b>17 699 000</b>

**7.3.3 Key actuarial assumptions used:**

**1) Financial Variables**

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

	2017	2016
Discount rate	8.89%	8.86%
CPI	6.17%	7.04%
Salary increase rate	7.17%	8.04%
Net Discount Rate	1.60%	0.76%

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2016 the duration of liabilities was 7.65 years. At this duration the discount rate determined by using the Bond Exchange Zero (JSE) Coupon Yield Curve as at 30 June 2017 is 8.89% per annum, and the yield on inflation-linked bonds of a similar term was about 2.56% per annum. This implies an underlying expectation of inflation of 6.17% per annum  $[(1 + 8.89\%) / (1 + 2.56\%) - 1]$ .

It has been assumed that salary inflation would exceed general inflation by 1.0% per annum, i.e. 7.17% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. A net discount factor of 1.60% per annum  $[(1 + 8.89\%) / (1 + 7.17\%) - 1]$  was thus assumed.

**2) Demographic and mortality assumptions**

	2017	2016
Normal retirement age (years)	65	65
Assumed retirement age (years)*	63	63
Mortality	SA85-90	SA85-90

\*The average retirement age for all active employees was assumed to be 63 years. This assumptions implicitly allows for ill-health and early retirements.

**3) Promotional salary increase rates**

In addition to the normal salary inflation rate, the following promotional salary increases were assumed:

Age Band	Promotional increases
20 - 24	5%
25 - 29	4%
30 - 34	3%
35 - 39	2%
40 - 44	1%
>45	-%

**4) Withdrawal Decrements**

The following withdrawal assumptions were applicable over the current valuation periods:

Age Band	Withdrawal rate Males	Withdrawal rate Females
20 - 24	16%	24%
25 - 29	12%	18%
30 - 34	10%	15%
35 - 39	8%	10%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	1%	1%
60 +	0%	0%



**7.3.4 The amounts recognised in the Statement of Financial Position are as follows:**

	2017 R	2016 R
Present value of fund obligations	15 326 000	14 673 000
Fair value of plan assets	-	-
<b>Unfunded Accrued Liability</b>	<b>15 326 000</b>	<b>14 673 000</b>
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost	-	-
Unrecognised Actuarial Gains/(Losses)	-	-
Miscellaneous Item	-	-
<b>Net liability</b>	<b>15 326 000</b>	<b>14 673 000</b>

**7.3.5 The amounts recognised in the Statement of Financial Performance are as follows:**

	2017 R	2016 R
Current service cost	1 100 000	1 153 000
Interest cost	1 344 000	1 272 000
Actuarial losses/ (gains)	( 769 845)	( 758 586)
Total included in employee related costs (Note 33) and Actuarial losses	<b>1 674 155</b>	<b>1 666 414</b>

**7.3.6 History of Liabilities, Assets and Experience Adjustments:**

**i) Present value of accrued liability and Fair value of plan assets:**

	Year ending 30/06/2013 R	Year ending 30/06/2014 R	Year ending 30/06/2015 R	Year ending 30/06/2016 R	Year ending 30/06/2017 R
Present value of accrued liability	9 628 292	13 276 000	13 917 000	14 673 000	15 326 000
Fair Value of plan asset	-	-	-	-	-
<b>Surplus / (deficit)</b>	<b>(9 628 292)</b>	<b>(13 276 000)</b>	<b>(13 917 000)</b>	<b>(14 673 000)</b>	<b>(15 326 000)</b>

**ii) Experience adjustments**

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

	Year ending 30/06/2013 R	Year ending 30/06/2014 R	Year ending 30/06/2015 R	Year ending 30/06/2016 R	Year ending 30/06/2017 R
Plan liabilities (Gain) / Loss	986 908	850 000	( 58 000)	( 46 000)	548 000
Plan assets	-	-	-	-	-

**7.3.7 Sensitivity Analysis:**

The liability derived by this valuation is dependent on the assumptions set out, which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses and will be recognised by Mossel Bay Municipality in accordance with a consistently applied amortisation process.

The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

Salary Inflation

The valuation bases assume that the salary inflation rate (which manifests itself as the annual increase in employees' salaries which determine the bonuses payable) will be 1.60% less than the corresponding discount rate, in the long term. The effect of a one percent increase and decrease in the salary inflation rates is as follows:

	1% decrease	30 June 2017 Valuation basis	1% increase
	R000's	R000's	R000's
Employer's accrued liability	14 266	15 326	16 509
Employer's current service cost	1 031	1 122	1 226
Employer's interest cost	1 199	1 293	1 398

The above table illustrates that for the 30 June 2017 financial year, a 1% increase in the salary increase rate assumption will result in a 7.72% increase in the accrued liability, whilst, a 1% decrease in the salary increase rate assumption will result in a 6.92% decrease in the accrued liability.

Mortality

The table that follows shows the impact of a change in the mortality assumption from SA85-90 to SA85-90 with a two year adjustment.

	30 June 2017 Valuation basis SA85-90	SA85-90 -2
	R000's	R000's
Employer's accrued liability	15 329	15 471
Employer's current service cost	1 122	1 133
Employer's expense cost	1 293	1 306

\* SA85-90 -2(with a two-year age adjustment) means that, to each beneficiary we assigned a mortality rate of an individual two years younger than that beneficiary. The resulting mortality implies that the individual lives longer than expected in the valuation basis.

The above table highlights the effects of a two year adjustment to the mortality assumption as at 30 June 2017. The adjustment would result in a 0.95% increase in the accrued liability.

**7.4 INFORMATION ABOUT THE MUNICIPALITY'S OTHER RETIREMENT FUNDS**

The personnel of Mosselbay Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not notionally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contributions applies to all participating employers, and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

**CONSOLIDATED RETIREMENT FUND**

The restructuring of the fund was recently successfully concluded with the transfer of the last remaining active defined benefit members to the defined contribution section. The last valuation for the Consolidated Retirement Fund was performed for the year ended 30 June 2016. As at the valuation date, the total value of net assets of the Fund was R20.119 billion (2015: R18.363 billion). An effective investment return of 8.1% (2015: 5.2%) per annum was awarded for the Growth Portfolio, 7.1% (2015: 7.1%) for the Protection Portfolio, 6.9% (2015: 7.9%) for the Moderate Portfolio and 7.4% (2015: 7.2%) per annum for the Pensioner Portfolio for the year ending 30 June 2016. The funding level for the Member Share Account was 100.5% (2015: 100.0%), 100.0% (2015: 100%) for the Preservation Pension Account and 118.0% (2015: 112.1%) for the Pensions Account.

**SALA PENSION FUND**

The SALA Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. The last valuation performed for the 12 month period ended 30 April 2016 revealed that as at the valuation date the total assets of the fund was R13.924 billion. Active Member's portion of the total Fund returned 5.18%, DC Members returned 5.16% and Pensioners Members' portion returned 4.97% per

**MUNICIPAL COUNCILLORS PENSION**

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the councillors is sufficient to fund the benefits accruing from the fund in the future. The last valuation performed for the 12 month period ended 30 November 2015 revealed that as at the valuation date the total assets of the fund was R 2.651 billion and the total fund returned 10.64%.

**SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND**

The last valuation for the South African Municipal Workers Union National Provident Fund (renamed the Municipal Workers' Retirement Fund with effect from 1 March 2016), was performed for the year ended 30 June 2015. As at the valuation date, the Fund's assets was sufficient to cover the member's Fund Credits and the brought-forward 2014 surplus, and to provide an acceptable level for the risk benefits reserve, data reserve and investment smoothing reserve as at 30 June 2015. The Fund was therefore in a sound financial position. The funding level remained unchanged at 100.0%. The investment smoothing reserve has decreased from 4.6% to 4.2% of the market value of assets.

**8. NON-CURRENT DEPOSITS**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>Santos Pavilion Repair Fund</b>		
Balance at beginning of year	262 092	251 591
Contributions during the year	-	-
Interest on Investment	12 449	10 501
Expenditure during the year	-	-
	<u>274 541</u>	<u>262 092</u>

This fund was created after the Pavilion burnt down a number of years ago. An entrepreneur restored the pavilion to its original form in exchange for a 93-year lease at a reasonable rent. It was also a condition that he should make available an amount of R100 000 to Council as an investment. Interest earned may be used by Council for the maintenance of the building, should he fail to do it himself.

**9. CONSUMER DEPOSITS**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Electricity	13 546 151	12 520 012
Water	9 694 520	8 324 420
<b>Total consumer deposits</b>	<u>23 240 671</u>	<u>20 844 433</u>
<b>Guarantees held in lieu of electricity deposits</b>	<u>-</u>	<u>-</u>

No Guarantees are held in lieu of electricity and water. No interest accrues on consumer deposits.

**10. PROVISIONS (CURRENT PORTION)**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Rehabilitation of Landfill sites	4 584 326	-
Clearing of Alien Vegetation	1 100 000	1 000 000
<b>Total Provisions</b>	<u>5 684 326</u>	<u>1 000 000</u>

The movement in current provisions are reconciled as follows:

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>Rehabilitation of Landfill sites</b>		
Balance at beginning of year	-	990 936
Transfer from non-current	4 909 532	-
Unused amount reversed to non-current		( 990 936)
Expenditure incurred	( 325 207)	-
<b>Balance at end of year</b>	<u>4 584 326</u>	<u>-</u>

Rehabilitation of Landfill sites:

This is the current portion which is due of the non-current provision. (refer Note 6)

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>Clearing of Alien Vegetation</b>		
Balance at beginning of year	1 000 000	250 000
Transfer from non-current	1 100 000	1 062 300
Unused amount reversed to non-current provision	( 845 436)	-
Expenditure incurred	( 154 564)	( 312 300)
<b>Balance at end of year</b>	<u>1 100 000</u>	<u>1 000 000</u>

Clearing of Alien Vegetation:

This is the current portion which is due of the non-current provision. (refer Note 6)

11. CURRENT EMPLOYEE BENEFITS

	2017	2016
	R	R
Current portion of Post Employment Health Care Benefits (Refer to Note 7)	5 392 000	4 265 000
Current portion of Ex-Gratia Gratuities (Refer to Note 7)	202 000	279 000
Current portion of Long Service Awards (Refer to Note 7)	1 562 000	1 000 000
Staff Leave accrual	14 227 038	12 825 947
Performance Bonuses accrual	753 593	546 970
Employee Bonuses accrual	4 965 196	4 770 284
Employee Overtime / Standby allowances accrual	1 059 393	845 939
<b>Total Current Employee Benefits</b>	<b>28 161 219</b>	<b>24 533 140</b>
	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>Performance bonuses accrual</b>		
Balance at beginning of year	546 970	629 483
Contributions to provisions	754 841	481 674
Expenditure incurred	( 548 218)	(564 187)
<b>Balance at end of year</b>	<b>753 593</b>	<b>546 970</b>

Performance Bonus accrual:

Performance bonuses accrue to employees on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due to staff as at the financial year end.

**Staff leave accrual**

	2017	2016
	R	R
Balance at beginning of year	12 825 947	12 247 889
Contributions to provisions	2 009 594	1 914 540
Expenditure incurred	( 608 503)	(1 336 482)
<b>Balance at end of year</b>	<b>14 227 038</b>	<b>12 825 947</b>

Staff Leave Accrual:

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and the total remuneration package of the employee.

**Employee bonus accrual**

	2017	2016
	R	R
Balance at beginning of year	4 770 284	4 516 721
Contributions to provisions	4 965 196	4 770 284
Expenditure incurred	(4 770 284)	(4 516 721)
<b>Balance at end of year</b>	<b>4 965 196</b>	<b>4 770 284</b>

Employee bonus Accrual:

Annual bonuses accrue to employees on an annual basis, based on the employee contract. These accruals are an estimate of the amount due to staff as at the financial year end.

**Employee Overtime / Standby allowances**

	2017	2016
	R	R
Balance at beginning of year	845 939	764 031
Contributions to provisions	1 059 393	845 939
Expenditure incurred	( 845 939)	( 764 031)
<b>Balance at end of year</b>	<b>1 059 393</b>	<b>845 939</b>

Employee Overtime / Standby allowances accrual:

An accrual is done for the Overtime/Standby allowances that accrued to employees with regards to the financial year.

12. PAYABLES FROM EXCHANGE TRANSACTIONS

	2017	2016
	R	R
Trade payables	73 226 811	60 060 108
Payments received in advance	26 603 211	23 776 134
Accrued Expenditure	13 474	20 358
Retentions	9 652 329	8 508 867
Other payables	2 052 815	1 078 969
Other deposits	3 700 166	3 212 240
<b>Total Payables from exchange transactions</b>	<b>115 248 805</b>	<b>96 656 677</b>

Refer to Note 42.6 for details regarding the restatement of previous year balances.

The fair value of trade and other payables approximates their carrying amounts. Trade and other payables are normally settled on 30 day terms in accordance with the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice/statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors.

**13. UNSPENT / (UNPAID) CONDITIONAL GRANTS AND RECEIPTS**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<u>13.1.1 Unspent conditional grants from spheres of government</u>	37 770 941	20 143 845
Provincial Grants (Note 29)	37 770 941	20 081 725
National Grants (Note 29)	( 0)	43 391
District Municipality (Note 29)	( 0)	18 729
<u>13.1.2 Unspent other conditional receipts</u>	192 356	612 548
Developers contributions (Note 31)	-	-
Public contributions (Note 31)	192 356	612 548
<b>Total unspent conditional grants and receipts</b>	<b>37 963 297</b>	<b>20 756 394</b>
<u>13.2.1 Unpaid conditional grants from spheres of government</u>	-	(2 340 000)
National Grants (Note 29)	-	(2 340 000)
<u>13.2.2 Unpaid other conditional receipts</u>	( 0)	( 175 000)
Public contributions (Note 31)	( 0)	( 175 000)
<b>Total unpaid conditional grants and receipts</b>	<b>( 0)</b>	<b>(2 515 000)</b>

These amounts are invested until utilised in terms of section 12 of the MFMA.

Refer to Note 29 for reconciliation of Grants & Subsidies and Note 31 for reconciliation of Public Contributions. Also refer to Appendix D for detail per Vote, per Project and Per Grant/contribution.

**14. VAT Payable / Receivable**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
VAT Payable	-	-
VAT Receivable	8 071 251	5 603 034
<b>Total VAT Receivable / (Payable)</b>	<b>8 071 251</b>	<b>5 603 034</b>

VAT is payable on the receipts basis. Only once payment is received from debtors VAT is paid over to SARS.

**15. PROPERTY, PLANT & EQUIPMENT**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>As at 30 June 2017</b>		
<b>Carrying values at the beginning of the year</b>	<b>1 885 398 696</b>	<b>1 806 767 671</b>
Cost	2 225 300 656	2 179 301 494
Under Construction	173 804 985	80 901 520
Accumulated Depreciation	(513 706 945)	(453 435 344)
<u>Movement in Cost:</u>		
Acquisitions - PPE	143 610 768	61 024 154
Disposals	(3 159 059)	(16 836 562)
Reversal of impairment losses	315 117	1 811 569
<u>Movement in Under Construction:</u>		
Under Construction - Additions	144 823 489	136 206 712
Completed Under construction	(143 610 768)	(43 303 247)
<u>Movement in Accumulated Depreciation:</u>		
Depreciation	(62 765 515)	(64 271 900)
Accumulated Depreciation on disposals	2 465 115	4 000 300
<b>Carrying values at the end of the year</b>	<b>1 967 077 842</b>	<b>1 885 398 696</b>
Cost	2 366 067 482	2 225 300 656
Under Construction	175 017 705	173 804 985
Accumulated Depreciation	(574 007 345)	(513 706 945)

Refer to Note 42.3 for details regarding the restatement of previous year balances.

Refer to Notes 44.1 for detail regarding the change in accounting estimates relating to changes in useful lives and residual values of PPE assets.

Refer to Note 51 for the amount of contractual commitment for the acquisition of PPE. The amount of R100 761 942 for contractual commitments is approved and contracted.

Finance lease liabilities are secured over the items of computer equipment and office equipment leased. The total carrying value of these leased assets at 30 June 2017 is R 292 558 and include leased assets where the finance leases have been fully redeemed, but the assets are still used by the Municipality. The monthly payments regarding these leased assets are treated as operating leases.

Included in the Infrastructure cost is an amount of R127 832 541 for the Seawater Desalination Plant which was completed during the 2012/13 year and is the Municipality's portion of the capital expenditure for the construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility. There are no budgeted capital commitments toward the Seawater Desalination facility for the following year.

The impairment of the guard hut at Louis Fourie landfill site due to structural damage were reversed as a result of the restoration work that were completed in June 2017. The rest of the impairment reversal is due to the unwinding of the interest as a result in the change of interest rates on the restoration cost of landfill sites.

An amount of R51 712 154 was spent on repairs and maintenance of Property, Plant and Equipment during the year under review. This expenditure includes costs on Contracted Services and Materials & Supplies.

## **16. BIOLOGICAL ASSETS**

None

ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2017

	Cost							Accumulated Depreciation					Carrying value	Proceeds on Disposals	Gains on Disposals	Loss on Disposals
	Opening Balance	Under Construction	Fair Value Adjustments	Additions and Finalised WIP	Transfers (From) or To	Impairment Loss or (Reversal)	Disposed	Closing Balance	Opening Balance	Transfers (From) or To	Additions	Disposed	Closing balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>INFRASTRUCTURE ASSETS</b>																
Elec. Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elec. Reticulation	245 672 052	33 612 294	-	39 434 022	-	-	11 942	318 706 425	69 312 453	-	5 684 464	7 932	74 988 986	243 717 439	72	3 939
Solid Waste	17 527 116	-	-	-	-	-270 142	-	17 797 257	13 754 222	-	748 807	-	14 503 028	3 294 229	-	-
Refuse	130 731	-	-	-	-	-44 975	-	175 706	42 940	-	5 549	-	48 489	127 217	-	-
Roads, Pavements & Bridges	411 850 234	58 050 703	-	26 270 262	-240 520	-	-	495 930 678	87 409 303	-31 569	12 789 204	-	100 166 937	395 763 740	-	-
Sewerage: Purification	95 743 735	1 616 769	-	19 507 642	-	-	-	116 868 147	31 581 766	-	4 046 507	-	35 628 273	81 239 873	-	-
Sewerage: Reticulation	238 274 905	17 789 463	-	7 230 405	-	-	49 092	263 245 680	62 465 888	-	6 017 918	10 627	68 473 179	194 772 501	-	38 466
Stormwater	109 004 335	6 888 677	-	12 474 455	225 320	-	-	128 592 787	20 903 171	29 545	2 858 036	-	23 790 751	104 802 036	-	-
Street Lighting	3 082 206	-	-	-	-	-	-	3 082 206	570 523	-	143 017	-	713 540	2 368 666	-	-
Water: Dams & Reservoirs	56 285 226	-	-	-	-	-	-	56 285 226	21 770 370	-	1 091 110	-	22 861 480	33 423 746	-	-
Water: Purification	210 637 411	-	-	1 372 589	-	-	188 346	211 821 654	37 876 780	-	6 840 164	186 096	44 530 848	167 290 805	530	1 720
Water: Reticulation	150 199 664	36 490 260	-	3 154 349	-	-	11 620	189 832 654	50 850 217	-	5 664 567	11 352	56 503 432	133 329 222	-	268
<b>Sub-Total</b>	<b>1 538 407 613</b>	<b>154 448 165</b>	<b>-</b>	<b>109 443 724</b>	<b>-15 200</b>	<b>-315 117</b>	<b>261 001</b>	<b>1 802 338 419</b>	<b>396 537 633</b>	<b>-2 025</b>	<b>45 889 343</b>	<b>216 007</b>	<b>442 208 945</b>	<b>1 360 129 474</b>	<b>602</b>	<b>44 392</b>
<b>COMMUNITY ASSETS</b>																
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	659 747	-	-	132 095	-	-	-	791 842	121 023	-	24 912	-	145 935	645 907	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Halls	31 220 351	-	-	93 943	-	-	-	31 314 294	3 520 512	-	394 519	-	3 915 031	27 399 262	-	-
Fire, Safety & Emergency	6 946 526	-	-	59 856	-	-	-	7 006 382	1 332 519	-	160 843	-	1 493 362	5 513 020	-	-
Libraries	9 469 472	-	-	4 023 510	15 200	-	13 017	13 495 165	1 368 696	2 025	171 429	1 295	1 540 855	11 954 310	-	11 722
Museums & Art Galleries	430 000	-	-	-	-	-	-	430 000	-	-	-	-	-	430 000	-	-
Parks & Gardens	7 063 227	-	-	-	-	-	-	7 063 227	-	-	-	-	-	7 063 227	-	-
Recreational Facilities	57 642 050	-	-	3 165 522	-	-	22 500	60 785 071	15 038 460	-	1 911 421	2 710	16 947 170	43 837 901	307	19 483
Social Rental Housing	25 335 517	-	-	-	-	-	-	25 335 517	4 234 991	-	441 771	-	4 676 762	20 658 755	-	-
Sport fields & Stadiums	132 638 152	2 438 825	-	1 396 923	-	-	-	136 473 899	21 554 204	-	2 690 269	-	24 244 473	112 229 426	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Other	72 238 815	-	-	9 531 859	-	-	-	81 770 674	10 124 334	-	1 101 441	-	11 225 774	70 544 900	-	-
<b>Sub-Total</b>	<b>343 643 857</b>	<b>2 438 825</b>	<b>-</b>	<b>18 403 707</b>	<b>15 200</b>	<b>-</b>	<b>35 517</b>	<b>364 466 072</b>	<b>57 294 739</b>	<b>2 025</b>	<b>6 896 605</b>	<b>4 005</b>	<b>64 189 363</b>	<b>300 276 708</b>	<b>307</b>	<b>31 204</b>
<b>Total carried forward</b>	<b>1 882 051 471</b>	<b>156 886 990</b>	<b>-</b>	<b>127 847 431</b>	<b>-0</b>	<b>-315 117</b>	<b>296 518</b>	<b>2 166 804 491</b>	<b>453 832 372</b>	<b>-0</b>	<b>52 785 948</b>	<b>220 012</b>	<b>506 398 308</b>	<b>1 660 406 182</b>	<b>909</b>	<b>75 596</b>

	Cost							Accumulated Depreciation					Carrying value	Proceeds on Disposals	Gians on Disposals	Loss on Disposals	
	Opening Balance	Under Construction	Fair Value Adjustments	Additions and Finalised WIP	Transfers (From) or To	Impairment Loss or (Reversal)	Disposed	Closing Balance	Opening Balance	Transfers (From) or To	Additions	Disposed					Closing balance
Total brought over	R 1 882 051 471	R 156 886 990	R -	R 127 847 431	R -0	R -315 117	R 296 518	R 2 166 804 491	R 453 832 372	R -0	R 52 785 948	R 220 012	R 506 398 308	R 1 660 406 182	R 909	-	75 596
OTHER ASSETS																	
Civic Land & Buildings	74 033 899	-	-	-	-	-	-	74 033 899	4 578 981	-	724 220	-	5 303 201	68 730 698	-	-	-
Other Buildings	38 452 067	13 254 363	-	995 097	-	-	9 109	52 692 419	7 133 148	-	950 627	6 983	8 076 792	44 615 627	-	-	2 125
Other Land	128 024 009	-	-	-	-	-	45 000	127 979 009	-	-	-	-	-	127 979 009	52 632	7 632	-
Computers: Hardware & Eqpt	12 756 244	-	-	815 907	-	-	789 401	12 782 751	4 897 843	-	2 153 705	658 213	6 393 335	6 389 416	5 338	1 242	127 092
Furniture & Office Equipment	18 870 503	0	-	2 561 155	-	-	1 032 310	20 399 348	10 409 520	-	1 523 243	830 761	11 102 002	9 297 346	30 939	14 702	185 311
General Vehicles	31 840 133	-	-	3 605 195	-	-	341 539	35 103 789	13 329 921	-	1 918 741	234 871	15 013 790	20 089 999	56 020	11 786	62 435
Plant & Equipment	24 631 988	4 222 825	-	1 264 226	-	-	645 183	29 473 856	13 317 242	-	1 685 012	514 275	14 487 979	14 985 878	19 964	11 552	122 496
Security Measures	4 285 028	653 528	-	485 855	-	-	-	5 424 410	1 842 480	-	441 163	-	2 283 643	3 140 767	-	-	-
Specialised Vehicles	15 194 944	-	-	1 174 770	-	-	-	16 369 714	4 345 915	-	582 259	-	4 928 174	11 441 540	-	-	-
Other Assets	21 502	-	-	-	-	-	-	21 502	19 524	-	598	-	20 121	1 380	-	-	-
Sub-Total	348 110 317	18 130 715	-	10 902 205	-	-	2 862 541	374 280 697	59 874 572	-	9 979 567	2 245 103	67 609 036	306 671 661	164 892	46 913	499 459
Total Property, Plant & Equipment	2 230 161 788	175 017 706	-	138 749 636	-0	-315 117	3 159 059	2 541 085 188	513 706 945	-0	62 765 515	2 465 115	574 007 345	1 967 077 843	165 802	46 913	575 055
INTANGIBLE ASSETS																	
Intangible Assets: Software	835 104	-	-	-	-	-	-	835 104	183 579	-	91 688	-	275 267	559 837	-	-	-
Intangible Assets: Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	835 104	-	-	-	-	-	-	835 104	183 579	-	91 688	-	275 267	559 837	-	-	-
HERITAGE ASSETS																	
Heritage Assets: Buildings	3 397 827	-	-	-	-	-	-	3 397 827	-	-	-	-	-	3 397 827	-	-	-
Heritage Assets: Other	732 769	-	-	-	-	-	-	732 769	-	-	-	-	-	732 769	-	-	-
Heritage Assets: Monuments	95 003	-	-	-	-	-	-	95 003	-	-	-	-	-	95 003	-	-	-
	4 225 599	-	-	-	-	-	-	4 225 599	-	-	-	-	-	4 225 599	-	-	-
INVESTMENT PROPERTIES																	
Investment Property: Buildings	71 412 645	-	-	-	-	-	-	71 412 645	7 677 579	-	936 029	-	8 613 607	62 799 038	-	-	-
Investment Property: Land	563 541 144	-	-	-	-	-	399 673	563 141 471	-	-	-	-	-	563 141 471	1 724 735	1 449 273	124 211
	634 953 789	-	-	-	-	-	399 673	634 554 116	7 677 579	-	936 029	-	8 613 607	625 940 509	1 724 735	1 449 273	124 211
Grant Total Capital Assets	2 870 176 280	175 017 706	-	138 749 636	-0	-315 117	3 558 731	3 180 700 007	521 568 103	-0	63 793 232	2 465 115	582 896 219	2 597 803 788	1 890 536	1 496 186	699 266
INCLUDED ABOVE:																	
Leased Assets:	1 379 644	-	-	-	-	-	115 255	1 264 390	923 266	-	154 011	105 445	971 832	292 558	-	-	9 810
Computer Hardware	935 415	-	-	-	-	-	-	935 415	685 117	-	109 057	-	794 173	141 242	-	-	-
Computer Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Machines	444 229	-	-	-	-	-	115 255	328 974	238 149	-	44 954	105 445	177 659	151 316	-	-	9 810
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land & Buildings (PPE):	1 234 327 245	13 254 363	-	6 714 844	-	-	494 306	1 253 802 146	52 132 089	-	5 735 719	19 149	57 848 660	1 195 953 486	1 777 378	1 456 904	154 684
Land	862 147 380	-	-	-	-	-	444 673	861 702 707	-	-	-	-	-	861 702 707	1 777 366	1 456 904	124 211
Buildings	372 179 865	13 254 363	-	6 714 844	-	-	49 634	392 099 439	52 132 089	-	5 735 719	19 149	57 848 660	334 250 779	11	-	30 473



ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2016

	Cost							Accumulated Depreciation					Carrying value	Proceeds on Disposals	Gains on Disposals	Loss on Disposals	
	Opening Balance	Under Construction	Fair Value Adjustments	Additions and Finalised WIP	Transfers (From) or To	Impairment Loss or (Reversal)	Disposed	Closing Balance	Opening Balance	Transfers (From) or To	Additions	Disposed					Closing balance
	R	R	R	R	R	R	R	R	R	R	R	R					R
INFRASTRUCTURE ASSETS																	
Elec. Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Elec. Reticulation	241 412 682	41 011 411	-	76 165	-	-	9 949	282 490 309	62 672 726	-	5 423 012	2 531	68 093 207	214 397 102	40	7 378	
Solid Waste	16 936 634	-	-	-	-	-519 441	-	17 456 075	13 216 069	-	473 315	-	13 689 384	3 766 691	-	-	
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Roads, Pavements & Bridges	424 054 230	60 112 951	-	-	-	-	1	484 167 181	79 057 132	-	13 018 232	-	92 075 364	392 091 817	138 596	138 595	
Sewerage: Purification	93 326 931	4 415 564	-	-	-	-	1 253	97 741 242	33 641 937	-	1 714 428	1 252	35 355 113	62 386 129	-	1	
Sewerage: Reticulation	241 820 856	7 675 186	-	-	-	-	1 622	249 494 420	51 945 503	-	7 021 725	1 544	58 965 684	190 528 736	6	72	
Stormwater	104 740 526	-	-	-	-	-	-	104 740 526	15 661 960	-	1 987 587	-	17 649 547	87 090 979	-	-	
Street Lighting	3 082 206	-	-	-	-	-	-	3 082 206	425 591	-	144 932	-	570 523	2 511 683	-	-	
Water: Dams & Reservoirs	47 844 388	-	-	10 260	-	-	33 425	47 821 223	19 464 962	-	922 360	23 934	20 363 388	27 457 835	-	9 491	
Water: Purification	223 567 512	-	-	-	-	-	28 373	223 539 139	32 750 120	-	7 078 618	3 784	39 824 954	183 714 185	741	24 262	
Water: Reticulation	148 566 862	19 669 529	-	-	-	-	82 219	168 154 172	45 983 947	-	5 674 136	19 274	51 638 809	116 515 363	0	62 945	
Sub-Total	1 545 352 826	132 884 641	-	86 425	-	-519 441	156 841	1 678 686 492	354 819 948	-	43 458 343	52 318	398 225 973	1 280 460 519	139 384	139 009	
COMMUNITY ASSETS																	
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cemeteries	889 680	-	-	-	-	-	-	889 680	124 666	-	106 633	-	231 299	658 381	-	-	
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community Halls	31 324 127	-	-	-	-	-	-	31 324 127	2 980 692	-	593 749	-	3 574 441	27 749 685	-	-	
Fire, Safety & Emergency	7 280 782	-	-	-	-	-	-	7 280 782	1 142 032	-	269 630	-	1 411 663	5 869 119	-	-	
Libraries	9 492 920	-	-	-	-	-	50 978	9 441 942	1 132 451	-	251 302	4 592	1 379 161	8 062 781	-	46 386	
Museums & Art Galleries	430 000	-	-	-	-	-	-	430 000	-	-	-	-	-	430 000	-	-	
Parks & Gardens	7 063 227	-	-	-	-	-	-	7 063 227	-	-	-	-	-	7 063 227	-	-	
Recreational Facilities	49 566 869	-	-	-	-	-	-	49 566 869	10 488 365	-	3 304 413	-	13 792 777	35 774 092	-	-	
Social Rental Housing	25 335 517	-	-	-	-	-	-	25 335 517	3 417 497	-	817 494	-	4 234 991	21 100 526	-	-	
Sport fields & Stadiums	138 481 901	2 235 864	-	-	-	-1 292 129	-	142 009 894	19 375 888	-	3 070 012	-	22 445 900	119 563 994	-	-	
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community Other	59 093 281	-	-	-	-	-	-	59 093 281	5 247 745	-	1 809 039	-	7 056 784	52 036 497	-	-	
Sub-Total	328 958 304	2 235 864	-	-	-	-1 292 129	50 978	332 435 319	43 909 336	-	10 222 273	4 592	54 127 017	278 308 302	-	-	
Total carried forward	1 874 311 130	135 120 505	-	86 425	-	-1 811 569	207 819	2 011 121 810	398 729 283	-	53 680 616	56 910	452 352 989	1 558 768 821	139 384	139 009	

**MOSSEL BAY MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2017

	Cost													Carrying value	Proceeds on Disposals	Gains on Disposals	Loss on Disposals
								Accumulated Depreciation									
	Opening Balance	Under Construction	Fair Value Adjustments	Additions and Finalised WIP	Transfers (From) or To	Impairment Loss or (Reversal)	Disposed	Closing Balance	Opening Balance	Transfers (From) or To	Additions	Disposed	Closing balance				
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
Total brought over	1 874 311 130	135 120 505	-	86 425	-	-1 811 569	207 819	2 011 121 810	398 729 283	-	53 680 616	56 910	452 352 989	1 558 768 821	139 384	139 009	150 535
OTHER ASSETS																	
Civic Land & Buildings	72 790 234	-	-	145 838	-	-	-	72 936 072	3 817 271	-	629 832	-	4 447 103	68 488 969	-	-	-
Other Buildings	43 024 642	14 005 890	-	29 121	-	-	-	57 059 653	6 683 066	-	1 467 689	-	8 150 755	48 908 897	-	-	-
Other Land	139 524 009	-	-	-	-	-	11 500 000	128 024 009	-	-	-	-	128 024 009	5 000 000	-	-	6 500 000
Computers: Hardware & Eqpt	11 497 501	-	-	3 633 417	-	-	2 563 700	12 567 218	4 949 180	-	2 170 195	1 918 711	5 200 664	7 366 554	2 077	59	642 970
Furniture & Office Equipment	20 178 776	-	-	1 642 910	-	-	1 652 773	20 168 913	9 798 489	-	1 813 553	1 366 787	10 245 255	9 923 658	8 192	1 738	281 060
General Vehicles	29 800 984	-	-	2 062 212	-	-	324 914	31 538 282	11 470 444	-	1 878 890	206 539	13 142 794	18 395 488	115 033	29 077	32 419
Plant & Equipment	20 979 844	18 868 451	-	1 550 711	-	-	573 755	40 825 251	12 809 333	-	1 701 409	445 025	14 065 717	26 759 534	9 534	5 306	124 501
Security Measures	3 917 321	5 810 139	-	26 428	-	-	13 602	9 740 286	1 269 191	-	473 364	6 327	1 736 228	8 004 058	-	-	7 275
Specialised Vehicles	13 597 527	-	-	1 505 117	-	-	-	15 102 644	3 891 160	-	454 755	-	4 345 915	10 756 729	-	-	-
Other Assets	21 502	-	-	-	-	-	-	21 502	17 927	-	1 596	-	19 524	1 978	-	-	-
Sub-Total	355 332 340	38 684 480	-	10 595 754	-	-	16 628 743	387 983 831	54 706 061	-	10 591 284	3 943 389	61 353 955	326 629 875	5 134 836	36 180	7 588 226
Total Property, Plant & Equipment	2 229 643 470	173 804 985	-	10 682 179	-	-1 811 569	16 836 562	2 399 105 641	453 435 344	-	64 271 900	4 000 299	513 706 945	1 885 398 696	5 274 220	175 189	7 738 761
INTANGIBLE ASSETS																	
Intangible Assets: Software	423 816	-	-	458 101	-	-	46 813	835 104	156 699	-	71 576	44 696	183 579	651 525	-	-	2 117
Intangible Assets: Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	423 816	-	-	458 101	-	-	46 813	835 104	156 699	-	71 576	44 696	183 579	651 525	-	-	2 117
HERITAGE ASSETS																	
Heritage Assets: Buildings	3 397 827	-	-	-	-	-	-	3 397 827	-	-	-	-	-	3 397 827	-	-	-
Heritage Assets: Other	732 769	-	-	-	-	-	-	732 769	-	-	-	-	-	732 769	-	-	-
Heritage Assets: Monuments	95 003	-	-	-	-	-	-	95 003	-	-	-	-	-	95 003	-	-	-
	4 225 599	-	-	-	-	-	-	4 225 599	-	-	-	-	-	4 225 599	-	-	-
INVESTMENT PROPERTIES																	
Investment Property: Buildings	71 412 645	-	-	-	-	-	-	71 412 645	6 741 367	-	936 212	-	7 677 579	63 735 067	-	-	-
Investment Property: Land	563 937 570	-	-	-	-	-	396 426	563 541 144	-	-	-	-	-	563 541 144	1 009 553	652 337	39 211
	635 350 215	-	-	-	-	-	396 426	634 953 789	6 741 367	-	936 212	-	7 677 579	627 276 210	1 009 553	652 337	39 211
Grant Total Capital Assets	2 869 643 100	173 804 985	-	11 140 280	-	-1 811 569	17 279 801	3 039 120 133	460 333 409	-	65 279 688	4 044 995	521 568 103	2 517 552 031	6 283 773	827 526	7 780 088
INCLUDED ABOVE:																	
Leased Assets:	3 923 579	-	-	-	-	-	1 804 326	2 119 253	2 082 229	-	635 401	1 278 224	1 439 406	679 848	-	-	526 102
Computer Hardware	3 282 568	-	-	-	-	-	1 630 554	1 652 013	1 722 228	-	571 529	1 111 123	1 182 634	469 379	-	-	519 432
Computer Software	41 477	-	-	-	-	-	41 477	-	39 151	-	1 158	40 309	-0	0	-	-	1 168
Office Machines	599 535	-	-	-	-	-	132 295	467 240	320 851	-	62 714	126 793	256 772	210 468	-	-	5 502
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land & Buildings (PPE):	599 431 912	-	-	174 959	-	-	11 500 001	588 106 870	26 454 936	-	8 038 200	-	34 493 136	553 613 734	5 138 596	138 595	6 500 000
Land	333 127 537	-	-	-	-	-	11 500 001	321 627 536	-	-	-	-	-	321 627 536	5 138 596	138 595	6 500 000
Buildings	266 304 375	-	-	174 959	-	-	-	266 479 334	26 454 936	-	8 038 200	-	34 493 136	231 986 198	-	-	-

**17. INTANGIBLE ASSETS**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>Carrying values at the beginning of the year</b>	651 525	267 117
Cost	835 104	423 816
Accumulated amortisation	( 183 579)	( 156 699)
<b><u>Movement in Cost:</u></b>		
Acquisitions	-	458 101
De-recognition	-	( 46 813)
<b><u>Movement in Accumulated Amortisation:</u></b>		
Amortisation	( 91 688)	( 71 576)
Amortisation written back on de-recognition	-	44 696
<b>Carrying values at the end of the year</b>	559 837	651 525
Cost	835 104	835 104
Accumulated amortisation	( 275 267)	( 183 579)

Intangible assets are initially recognised at cost and are carried at cost less accumulated amortisation and impairments.

Intangible assets have finite useful lives and the estimated remaining useful lives are reviewed at each reporting period.

The amortisation expense is included in the line item "Amortisation - Intangible Assets" (Note 35) in the Statement of Financial Performance.

The Municipality does not have any internally generated intangible assets.

No restrictions are placed on intangible assets.

No intangible assets were pledged as security for liabilities.

The municipality encountered no expenses on Intangible Assets regarding repairs and maintenance thereof.

Refer to Notes 44.1 for detail regarding the change in accounting estimates relating to changes in useful lives and residual values of Intangible assets.

**18. INVESTMENT PROPERTY**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>Carrying values at the beginning of the year</b>	627 276 210	628 608 848
Cost	634 953 789	635 350 215
Accumulated Depreciation	( 7 677 579)	( 6 741 367)
<b><u>Movement in Cost:</u></b>		
Acquisitions	-	-
Fair Value adjustment	-	-
De-recognition	( 399 673)	( 396 426)
Reclassification (to) / from other assets	-	-
Reclassified as assets held for sale	-	-
<b><u>Movement in Under Construction:</u></b>		
Under Construction - Additions	-	-
Completed Under construction	-	-
<b><u>Movement in Accumulated Depreciation:</u></b>		
Depreciation	( 936 029)	( 936 212)
Accumulated Depreciation on disposals	-	-
<b>Carrying values at the end of the year</b>	625 940 509	627 276 210
Cost	634 554 116	634 953 789
Accumulated Depreciation	( 8 613 607)	( 7 677 579)
<b>Amounts included in Surplus/Deficit for the year, are as follows:</b>		
Rental Revenue from Investment Property	1 892 036	1 509 918

Refer to Note 42.5 for details regarding the restatement of previous year balances.

At initial recognition, the Municipality measures Investment Property at cost and the cost model is applied to investment property for subsequent measurement. Under the cost model, Investment Property is carried at its cost minus accumulated depreciation at the reporting date.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of de-recognition.

No investment properties were pledged as security for liabilities.

There were no significant delays on projects or any construction halted for the reporting period.

The municipality encountered no expenses on Investment Property regarding repairs and maintenance thereof.

19. HERITAGE ASSETS

	2017 R	2016 R
Carrying values at the beginning of the year	4 225 599	4 225 599
Cost	4 225 599	4 225 599
Movements:		
None	-	-
Carrying values at the end of the year	4 225 599	4 225 599
Cost	4 225 599	4 225 599

The following Heritage Assets were identified, but no value could be provided due to impracticability:

Site 3419, Mossel Bay - Cave at the point

The Cape st. Blaize Cave at the point in Mosselbay, situated on site 3419, is classified as a heritage asset controlled and owned by the Municipality. The Cape st. Blaize Cave yield artefacts dating back 80 000 years. The artefacts themselves are housed at the Culture Museum which is not controlled or owned by the Municipality.

Sites 7357 en 2938, Mossel Bay - Harry Giddey

The Harry Giddey Park on site 2938 is classified as a heritage asset of the Municipality. The park was erected in 1887 and originally named after Queen Victoria of England to commemorate her 50th year as Queen. The park was renamed later in 1939 as the Harry Giddey Park in honour of Mr Harry Giddey, a wealthy person of Mossel Ba, for all the efforts to upgrade the park.

There is no restrictions on title and disposal of heritage assets and no heritage assets are pledged as securities.

The municipality encountered no expenses on Heritage Assets regarding repairs and maintenance thereof.

20. LONG-TERM RECEIVABLES

	2017 R	2016 R
Long-term receivables:	1 434 770	1 647 076
Study Loans	140 460	133 335
Land Sales Debtors	12 208	13 921
Public Assistance Loans	47 070	70 333
Housing Selling Scheme Loans	1 235 032	1 429 486
Less: Current portion transferred to current receivables	336 681	360 849
Land Sales Debtors	3 049	3 159
Public Assistance Loans	28 351	44 505
Housing Selling Scheme Loans	305 280	313 185
Less: Provision for Debt Impairment of long-term receivables	284 371	978 734
Housing Selling Scheme Loans	284 371	978 734
Total	813 719	307 493
Reconciliation of Debt Impairment of Long-term receivables		
Balance at beginning of year	978 734	1 296 493
Contribution to / (Reversal from) provision	( 694 363)	( 317 758)
Bad Debts written off / recovered	-	-
Balance at end of year	284 371	978 734

Outstanding Land Sales debtors and Housing selling scheme loans were summarised in scheme numbers. A payment % report was also drawn from the system per suburb, as the report can not be drawn per scheme, and vice versa. A payment percentage of 80 % was established and a provision for debt impairment was made for 20%.

No provision for debt impairment to be recognised for study and public assistance loans.

Land Sales

Loans were granted to qualified individuals by Council. These loans attract interest at market-related interest rates.

Public assistance loans

To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at a rate of between 12% and 15% per annum. The last repayment is in September 2018.

Housing Selling Scheme Loans

Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest at a rate determined by the National Minister of Housing.

**21. INVENTORY**

	2017	2016
	R	R
Consumable stores	1 453 441	629 652
Maintenance materials	7 525 692	7 995 246
Meters	339 276	338 913
Spare parts	188	188
Housing Topstructures	9 301 163	1 244 081
Unsold property held for resale	6 063 851	10 347 679
Purification Materials	2 160 996	1 320 959
Water purification	431 055	215 397
<b>Total inventory</b>	<b>27 275 661</b>	<b>22 092 115</b>

Inventory to the value of R150 166 (R782 217 in 2015/16) was written off during the financial year. R 735 896 of this total is redundant inventory which was sold at an auction.

Housing topstructure inventory relates to various housing projects including the Azizani/Zinyoka housing project, Herbertsdale 154 Topstructures and Sonskynvallei projects and housing emergency kits for which Mossel Bay Municipality is the appointed developer.

Refer to Note 42.8 for details regarding the restatement of previous year balances.

All inventory for the current year are carried at cost.

**22. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**As at 30 June 2017**

	Gross Balances	Provision for Debt Impairment	Net Balance
	R	R	R
Service debtors	59 096 621	7 538 768	51 557 853
Electricity	33 692 945	1 732 272	31 960 673
Water	16 539 022	3 417 995	13 121 027
Refuse	3 128 317	322 088	2 806 228
Sewerage	5 736 337	2 066 413	3 669 925
Debtback Collections	1 212 284	1 208 497	3 787
Land Sales	7 768	5 607	2 161
Housing Instalments	1 040 157	299 717	740 439
Housing rentals	130 014	100 320	29 694
Other	8 113 465	1 631 027	6 482 438
<b>Total</b>	<b>69 600 310</b>	<b>10 783 937</b>	<b>58 816 373</b>

**As at 30 June 2016**

Service debtors	57 118 451	6 693 215	50 425 236
Electricity	34 592 461	1 902 697	32 689 764
Water	14 439 640	2 322 663	12 116 977
Refuse	2 721 774	331 946	2 389 828
Sewerage	5 364 576	2 135 909	3 228 668
Debtback Collections	1 328 914	1 325 852	3 062
Land Sales	6 489	316	6 173
Housing Instalments	999 171	49 536	949 635
Housing rentals	166 631	114 213	52 418
Other	3 710 676	973 189	2 737 487
<b>Total</b>	<b>63 330 333</b>	<b>9 156 322</b>	<b>54 174 011</b>

**Electricity, Water, Refuse and Sewerage): Ageing**

	2017	2016
	R	R
Current (0 -30 days)	49 163 190	48 275 333
31 - 60 Days	973 827	909 573
61 - 90 Days	737 455	703 799
91 - 120 Days	614 824	543 920
121- 365 Days	804 146	838 119
> 365 Days	6 803 179	5 847 707
<b>Total</b>	<b>59 096 621</b>	<b>57 118 451</b>

Service debtors receivables that are past due as at the end of 2016/17 but not impaired, for less than 30 days is R48 823 082 (2015/16 = R46 697 344) and for more than 30 days is R2 734 771 (2015/16 = R3 427 892).

# MOSSEL BAY MUNICIPALITY

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	2017 R	2016 R
<b>Debtpack Collections</b>		
Current (0 -30 days)	3 787	2 997
31 - 60 Days	-	-
61 - 90 Days	-	65
91 - 120 Days	-	95
121- 365 Days	183 024	278 590
> 365 Days	1 025 473	1 047 167
<b>Total</b>	<b>1 212 284</b>	<b>1 328 914</b>

Debtpack collection receivables that are past due as at the end of 2016/17 but not impaired, for less than 30 days is R3 787 (2015/16 = R2 997) and for more than 30 days is Rnil (2015/16 = R65).

	2017 R	2016 R
<b>Housing Instalments</b>		
Current (0 -30 days)	29 391	30 715
31 - 60 Days	12 352	13 199
61 - 90 Days	12 056	12 890
91 - 120 Days	11 839	12 745
121- 365 Days	23 315	116 156
> 365 Days	951 203	813 466
<b>Total</b>	<b>1 040 157</b>	<b>999 171</b>

Housing instalments receivables that are past due as at the end of 2016/17 but not impaired, for less than 30 days is R29 391 (2015/16 = R30 715) and for more than 30 days is R711 047 (2015/16 = R918 920).

	2017 R	2016 R
<b>Housing rentals: Ageing</b>		
Current (0 -30 days)	7 445	8 453
31 - 60 Days	2 379	3 206
61 - 90 Days	2 153	2 913
91 - 120 Days	2 057	2 698
121- 365 Days	3 958	3 438
> 365 Days	112 023	145 923
<b>Total</b>	<b>130 014</b>	<b>166 631</b>

Housing rentals receivables that are past due as at the end of 2016/17 but not impaired, for less than 30 days is R5 956 (2015/16 = R3 425) and for more than 30 days is R23 739 (2015/16 = R48 993).

	2017 R	2016 R
<b>Other</b>		
Current (0 -30 days)	6 258 345	2 326 533
31 - 60 Days	133 156	278 686
61 - 90 Days	56 722	118 824
91 - 120 Days	42 910	76 801
121- 365 Days	141 190	58 842
> 365 Days	1 481 143	850 989
<b>Total</b>	<b>8 113 465</b>	<b>3 710 676</b>

Other receivables that are past due as at the end of 2016/17 but not impaired, for less than 30 days is R4 500 310 (2015/16 = R2 326 533) and for more than 30 days is R NIL (2015/16 = R410 953).

	2017 R	2016 R
<b>Land Sales</b>		
Current (0 -30 days)	779	724
31 - 60 Days	258	196
61 - 90 Days	138	84
91 - 120 Days	125	84
121- 365 Days	186	67
> 365 Days	6 281	5 334
<b>Total</b>	<b>7 768</b>	<b>6 489</b>

Land sales receivables that are past due as at the end of 2016/17 but not impaired, for less than 30 days is R779 (2015/16 = R724) and for more than 30 days is R1 382 (2015/16 = R5 448).

	2017 R	2016 R
<b><u>Reconciliation of Provision for debt impairment of receivables</u></b>		
Balance at beginning of year	9 156 322	32 080 896
Contribution to / (Reversal from) provision	3 946 733	7 967 268
Bad Debts written off / recovered	(2 319 118)	(30 891 842)
<b>Balance at end of year</b>	<b>10 783 937</b>	<b>9 156 322</b>
	<b>2017 R</b>	<b>2016 R</b>
<b><u>Summary of Receivables by Consumer Classification</u></b>		
Residential	49 092 494	36 948 393
Industrial / Commercial	15 522 994	14 901 064
National / Provincial government	2 388 088	1 740 212
Other	2 596 734	9 740 663
	<b>69 600 310</b>	<b>63 330 333</b>

Refer to Note 42.7 for details regarding the restatement of previous year balances.

## 23. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2017 R	2016 R
<b>Other Receivables from Non-Exchange transactions:</b>	80 458 998	61 502 797
Rates	10 932 086	9 861 924
Traffic Fines	63 692 580	45 885 979
Payments made in advance	2 826 572	2 491 477
Government subsidies	128 834	128 834
Other	2 803 282	3 134 582
Recoverable Expenditure	75 644	-
	62 700 137	46 388 284
<b>Less: Provision for debt impairment of other receivables</b>		
Rates	4 623 259	4 383 382
Other	1 982 128	-
Traffic Fines	56 094 750	42 004 903
<b>Total</b>	<b>17 758 861</b>	<b>15 114 512</b>

The accumulated fines issued and not paid, including the current year, amounted to R63 692 580. The outstanding fines was assessed for impairment based on the present value of future cash flows of fines issued. R46 094 750 was provided as bad debt.

Sundry debtors are grouped together in financial assets with similar credit risk characteristics and collectively assessed for debt impairment. However the "Other Debtors" are individually assessed.

Provision for debt impairment is made for the debtor created for funds outstanding from LGSETA, Rates Debtors and Traffic Fines.

	2017 R	2016 R
<b><u>Rates: Ageing</u></b>		
Current (0 -30 days)	5 622 431	5 025 933
31 - 60 Days	254 561	224 015
61 - 90 Days	192 925	187 976
91 - 120 Days	162 600	163 491
121- 365 Days	279 115	277 762
> 365 Days	4 420 455	3 982 746
<b>Total</b>	<b>10 932 086</b>	<b>9 861 924</b>

Rates receivables that are past due as at the end of 2016/17 but not impaired, for less than 30 days is R5 622 431 (2015/16 = R5 025 933) and for more than 30 days is R686 397 (2015/16 = R452 609).

	2017 R	2016 R
<b><u>Reconciliation of Provision for debt impairment of other receivables</u></b>		
Balance at beginning of year	46 388 284	35 647 251
Contribution to / (Reversal from) provision	16 798 936	14 714 625
Bad Debts written off / recovered	( 487 083)	(3 973 591)
<b>Balance at end of year</b>	<b>62 700 137</b>	<b>46 388 284</b>
	<b>2017 R</b>	<b>2016 R</b>
<b><u>Summary of Rates by Consumer Classification</u></b>		
Residential	7 869 795	6 869 986
Industrial / Commercial	1 944 655	2 315 417
National / Provincial government	404 358	350 357
Other	713 277	326 164
	<b>10 932 086</b>	<b>9 861 924</b>

Refer to Note 42.2 for details regarding the restatement of previous year balances.

**24. INVESTMENTS**

	2017 R	2016 R
Long-term Deposits : Other bodies	3 898 052	4 433 619
Less: Payment to other bodies	(3 898 052)	(4 433 619)
Long-term Investments	24 000 000	12 000 000
	<u>24 000 000</u>	<u>12 000 000</u>

No investments were written off during the year.

The average rate of return on Long-term Investments were 10.65% for the year ended 30 June 2017.

Refer to Note 42.7 for details regarding the restatement of previous year balances.

Investments are made in accordance with the Municipality's Cash Management and Investment policy as follows:

- That the broad investment policy framework be applicable
- Investments not be placed with foreign banks
- Council's total investment portfolio be invested with banks according to investment policy
- Not more than 50% of the total investments invested with one institution

Long-term Deposits: Other bodies (Group Schemes)

These deposits are Group Scheme funds of employees that is paid over to the Municipality, who then invests these funds in the name of the employee in Money market funds. It therefore has no impact on the Municipality's Statement of Financial Position.

**25. CASH AND CASH EQUIVALENTS**

	2017 R	2016 R
<b>Assets</b>		
Petty Cash	19 060	18 460
Cash book balance	16 177 119	8 985 565
Short-term Investment deposits	401 146 276	339 005 350
<b>Total cash and cash equivalents - Assets</b>	<u>417 342 456</u>	<u>348 009 376</u>
<b>Liabilities</b>		
Bank overdraft (as per Cash book balance)	-	-
<b>Total cash and cash equivalents - Liabilities</b>	<u>-</u>	<u>-</u>

The municipality has the following bank accounts:

<u>BANK ACCOUNT</u>	<u>Account Numbers</u>		
Primary Bank Account - NEDBANK CHEQUE ACCOUNT	1134644809	141 237	-
Primary Bank Account - STANDARD BANK CHECQUE ACCOUNT	82846979	11 138 440	4 389 210
Secondary Bank Account - STANDARD BANK DEPOSIT ACCOUNT	82846936	-	-
Traffic Bank Account - STANDARD BANK	300965338	( 4 )	290
		<u>11 279 672</u>	<u>4 389 500</u>

	2017 R	2016 R
Bank statement balance at beginning of year	4 389 500	26 815 947
Bank statement balance at end of year	<u>11 279 672</u>	<u>4 389 500</u>
Cash book balance at beginning of year	8 985 565	29 135 673
Cash book balance at end of year	<u>16 177 119</u>	<u>8 985 565</u>
Petty Cash / Float at beginning of year	18 460	18 960
Petty Cash / Float at end of year	<u>19 060</u>	<u>18 460</u>
INVESTMENTS: Current portion matures within next 12 months - Refer Note 24	<u>401 146 276</u>	<u>339 005 350</u>

All accounts are with STANDARD BANK. The balance of account no. 82846936 - deposit account and account no. 300965338 - Account for Traffic fines, is swept to the cheque account daily - Primary bank account no. 82846979

The average rate of return on Short-term Investments were 8.15% for the year ended 30 June 2016.

No cash and cash equivalents were pledged as security for liabilities.

No restrictions were placed on the use of cash and cash equivalents.

Refer to Note 42.7 for details regarding the restatement of previous year balances.



**26. OPERATING LEASES**

**26.1 The Municipality as lessee**

Operating leases relate to Buildings with lease terms of between one to ten years, with an option to extend for a further period. The Municipality does not have an option to purchase the leased asset at the expiry of the lease period.

In respect of Non-cancellable Operating Leases the following liabilities have been recognised in the

Statement of Financial Position:

Balance at beginning of year

Movement for the year

**Total Operating Lease Liabilities - as lessee**

2017	2016
R	R
1 345 487	1 053 023
327 927	292 464
<b>1 673 415</b>	<b>1 345 487</b>

The following payments have been recognised as an expenditure in the Statement of Financial Performance:

Lease payments

**Total Operating Lease payments - as lessee**

2017	2016
R	R
2 405 907	2 207 654
<b>2 405 907</b>	<b>2 207 654</b>

At the reporting date the Municipality had outstanding commitments under non-cancellable operating leases for buildings, which fall due as follows:

**Buildings**

Up to 1 year

1 to 5 years

More than 5 years

**Total Operating Lease arrangements - as lessee**

2017	2016
R	R
2 593 725	2 180 478
10 898 263	9 525 263
3 708 162	2 621 180
<b>17 200 150</b>	<b>14 326 921</b>

Refer to Note 45.2 for details regarding the restatement of comparative information.

**26.2 The Municipality as lessor**

Operating leases relate to Investment Property owned by the Municipality with lease terms of between one to thirty years. The lessee does not have an option to purchase the property at the expiry of the lease period.

In respect of Non-cancellable Operating Leases the following assets have been recognised in the

Statement of Financial Position:

Balance at beginning of year

Movement for the year

**Total Operating Lease Assets - as lessor**

2017	2016
R	R
182 106	225 977
12 365	(43 870)
<b>194 471</b>	<b>182 106</b>

The following receipts have been recognised as an income in the Statement of Financial Performance:

Lease income

**Total Operating Lease income - as lessor**

2017	2016
R	R
1 892 036	1 509 918
<b>1 892 036</b>	<b>1 509 918</b>

At the reporting date the Municipality had lease receipts receivable under non-cancellable operating leases for Investment Property, which fall due as follows:

**Investment Property**

Up to 1 year

1 to 5 years

More than 5 years

**Total Operating Lease arrangements - as lessor**

2017	2016
R	R
2 980 694	636 214
9 587 437	1 259 698
38 328 716	838 146
<b>50 896 847</b>	<b>2 734 058</b>

The reason for the increase in lease receipts receivable in future years is mainly due to a contract for the lease of the Santos/De Bakke resort.

Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13.

Refer to Note 45.2 for details regarding the restatement of comparative information.

27. PROPERTY RATES

<u>Actual</u>	2017 R	2016 R
Residential	84 030 541	75 901 438
Commercial	24 226 784	21 123 150
State	444 722	440 856
Building Clause	-	14 042
Assessment Rate: Letting	1 298	1 298
Agricultural	1 128 037	1 043 139
Special Rated Area - CID	568 747	523 167
Less: Income forgone	(6 262 690)	(4 410 708)
<b>Total assessment rates</b>	<b>104 137 439</b>	<b>94 636 383</b>

<u>Valuations</u>	July 2017	July 2016
Residential	28 079 316 660	27 198 178 370
Commercial	3 814 720 800	3 886 491 840
State	563 647 400	580 574 400
Municipal	693 463 400	641 939 600
Parsonage	81 971 700	81 739 700
Public Services Infrastructure - Private	24 025 000	28 019 500
Public Open Space	7 223 400	7 114 100
Protected Area	4 220 000	4 220 000
Churches	170 392 900	162 896 900
Agricultural	1 465 039 500	1 463 664 500
<b>Total property valuations</b>	<b>34 904 020 760</b>	<b>34 054 838 910</b>

The valuation of land takes place every four years in terms of the determinations of the Municipal Property Rates Act, No.6 of 2004. The basic rate for land and buildings ranged between R0,000772 and R0,006178 respectively. Qualifying pensioners received an additional rebate of either 50% or 30% on property tax. With regard to needy families, where the joint income of husband and wife amounted to less than R5 000 a rebate was allowed with regard to water, refuse and sewerage. Regarding the housing schemes, it is noted that income for rates was not based on valuation as the values are less than R50 000. The first R50 000 of residential properties are not levied, R15 000 are impermissible rates and a rebate are given on R35 000.

Refer to Note 42.2 for details regarding the restatement of previous year balances.

28. SERVICE CHARGES

	2017 R	2016 R
Sale of electricity	358 065 421	337 893 692
Sale of water	100 915 201	91 422 979
Refuse removal	37 296 821	35 738 809
Sewerage & sanitation charges	48 669 021	49 686 152
<b>Total service charges</b>	<b>544 946 464</b>	<b>514 741 631</b>

The service charges revenue are in respect of services rendered to consumers and billed in terms of Council's approved tariffs. These service charges revenue are the net amounts after taking into account revenue foregone.

29. GOVERNMENT GRANTS AND SUBSIDIES

	2017 R	2016 R
<u>Unconditional grants</u>	70 822 505	63 673 000
Equitable share	70 822 505	63 673 000
<u>Conditional grants</u>	74 696 397	72 945 205
National Government Grants	35 835 915	43 302 287
Provincial Government Grants	38 147 143	27 406 160
District Municipality	18 729	1 371 516
Main Road Subsidy - Provincial	59 000	34 519
Other Grants	635 609	830 723
<b>Total Government Grants &amp; Subsidies</b>	<b>145 518 902</b>	<b>136 618 205</b>

29.1 Summary of Government Grants & Subsidies

	2017 R	2016 R
Capital Government Grants & Subsidies	42 378 626	57 833 918
Operating Government Grants & Subsidies	103 140 276	78 784 287
<b>Total</b>	<b>145 518 902</b>	<b>136 618 205</b>

	2017 R	2016 R
<b>29.2</b> <u><b>Equitable Share</b></u>		
Balance unspent at beginning of year	-	-
Current year receipts	70 874 000	63 673 000
Adjustments	( 51 495)	-
Conditions met - transferred to revenue	(70 822 505)	(63 673 000)
Conditions still to be met - transferred to liabilities (see note 13)	-	-

	2017 R	2016 R
<b>29.3</b> <u><b>National Government Grants</b></u>		
Balance unspent at beginning of year	(2 296 609)	6 719 679
Current year receipts	38 132 523	34 285 999
Adjustments	-	-
Conditions met - transferred to revenue	(35 835 915)	(43 302 287)
Conditions still to be met - transferred to liabilities (see note 13)	( 0)	(2 296 609)

Mossel Bay Municipality received various grants from National Government for operational and capital projects, such as the Municipal Infrastructure Grant. National Grants also include Finance Management Grant and EPWP funding. Other than the amounts unspent, the conditions of the grants have been met. MIG funds were delayed during the year, but received the next quarter.

	2017 R	2016 R
<b>29.4</b> <u><b>Provincial Government Grants</b></u>		
Balance unspent at beginning of year	20 081 725	27 092 658
Current year receipts	55 836 360	20 395 227
Adjustments	-	-
Conditions met - transferred to revenue	(38 147 143)	(27 406 160)
Conditions still to be met - transferred to liabilities (see note 13)	37 770 941	20 081 725

Mossel Bay Municipality received various grants from Provincial Government for operational and capital projects, such as Human Settlements grant, Library services, Thusong Centre Grant, Greenest Town and the CDW grant. Other than the amounts unspent, the conditions of the grants have been met. No funds were delayed during the financial year.

Refer to Note 42.4 for details regarding the restatement of previous year balances.

	2017 R	2016 R
<b>29.5</b> <u><b>District Municipality</b></u>		
Balance unspent at beginning of year	18 729	( 155 677)
Current year receipts	-	1 545 922
Adjustments	-	-
Conditions met - transferred to revenue	( 18 729)	(1 371 516)
Conditions still to be met - transferred to liabilities (see note 13)	0	18 729

Mossel Bay Municipality received grants from Eden District Municipality for operational and capital disaster recovery projects. Other than the amounts unspent, the conditions of the grants have been met.

	2017 R	2016 R
<b>29.6</b> <u><b>Main Roads Subsidy</b></u>		
Balance unspent at beginning of year	-	-
Current year receipts	59 000	34 519
Conditions met - transferred to revenue	( 59 000)	( 34 519)
Conditions still to be met - transferred to liabilities (see note 13)	-	-

	2017 R	2016 R
<b>29.7</b> <u><b>Other Grants</b></u>		
Balance unspent at beginning of year	-	-
Current year receipts	134 333	-
Adjustments	501 277	830 723
Conditions met - transferred to revenue	( 635 609)	( 830 723)
Conditions still to be met - transferred to liabilities (see note 13)	-	-

The Municipality received funds for training from LGSETA. Other than the amounts unspent, the conditions of the grants have been met. The amount disclosed under "Adjustments" above is for an increase in the debtor created for outstanding funds. This debtor amounts to R1 738 709 as at 30 June 2017 for LGSETA.

	2017 R	2016 R
<b>29.8</b> <u><b>Government Grants and Subsidies - SPENT PER VOTE</b></u>		
Municipal Manager	-	-
Corporate Services	734 756	1 072 723
Financial Services	3 026 213	4 060 040
Technical Services	37 597 127	40 302 459
Community Services	10 878 406	6 474 640
Development & Planning	22 459 895	21 035 344
<b>Total Spent</b>	<b>74 696 397</b>	<b>72 945 205</b>

<b>30. OTHER INCOME</b>	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Building Plan Fees	5 698 076	5 155 202
Availability Fees (Services)	17 394 486	17 283 852
Land Usage Fees	1 318 772	840 827
Contributions from External Services	7 512 760	5 361 570
Contributions from Land Sales	1 111 287	1 638
Insurance Claims	840 005	839 279
Extension Costs - Waterworks	250 734	204 210
Reversal of Asset Impairment	315 117	1 811 569
Sale of Redundant Inventory	735 896	369 045
Tampering with Installations	48 122	170 177
Unclaimed Retention Money	1 020 061	78 366
Unclaimed Deposits	462 512	5 864 934
Cemetery Fee - Burials	184 712	308 844
Pound Fees	90 529	149 910
Collection costs recovered	1 913 249	2 736 065
Other	4 263 899	4 552 263
<b>Total other income</b>	<b>43 160 218</b>	<b>45 727 754</b>
<b>31. PUBLIC CONTRIBUTIONS, DONATED AND CONTRIBUTED PPE</b>	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Developers Contributions	-	-
Public Contributions	2 138 118	1 056 911
Donated and Contributed PPE	9 296 697	6 916 943
Connection Fees	3 143 991	2 933 086
Other	-	-
<b>Total public contributions</b>	<b>14 578 806</b>	<b>10 906 940</b>
<b>31.1 Summary of Public contributions</b>	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Capital Public contributions, Donated and contributed PPE	9 596 697	7 180 920
Operating Public contributions	4 982 109	3 726 020
<b>Total</b>	<b>14 578 806</b>	<b>10 906 940</b>
<b>31.2 Developers Contributions</b>	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Adjustments	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 13)	-	-
<b>31.3 Public Contributions</b>	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Balance unspent at beginning of year	437 549	101 875
Current year receipts	1 892 926	1 384 549
Adjustments	-	8 035
Conditions met - transferred to revenue	(2 138 118)	(1 056 911)
Conditions still to be met - transferred to liabilities (see note 13)	192 356	437 549
Mossel Bay Municipality received various public contributions for operational projects, such as the Diaz Festival, Sport Festival and the Mayor's Relief Charitable Fund. The municipality also received funds for capital projects, namely the building of parking area at the Mossel Bay Golf club.		
<b>31.4 Donated and Contributed Property, Plant and Equipment</b>	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Balance unspent at beginning of year	-	-
Current year receipts	9 296 697	6 916 943
Adjustments	-	-
Conditions met - transferred to revenue	(9 296 697)	(6 916 943)
Conditions still to be met - transferred to liabilities (see note 13)	-	-
Mossel Bay Municipality received donated ICT computer equipment and infrastructure assets, such as the Siyanithanda building which was donated by PetroSA to the Municipality, Youth café building and equipment, Electrical reticulation services and the Chreche in Wolwedans.		

	2017 R	2016 R
<b>31.5 Public contributions, Donated and Contributed PPE - PER VOTE</b>		
Municipal Manager	332 123	294 451
Corporate Services	8 637 639	6 018 635
Financial Services	-	-
Technical Services	2 059 790	841 225
Community Services	105 263	644 544
Development & Planning	300 000	175 000
<b>Total Spent</b>	<b>11 434 815</b>	<b>7 973 854</b>

	2017 R	2016 R
<b>32. EMPLOYEE RELATED COSTS</b>		
Employee-related costs - Salaries, Wages & Bonuses	162 547 667	152 986 539
Employee-related costs - Contributions for UIF, pensions & medical aids	39 006 235	36 349 905
Contributions to Post Retirement Benefits Provision	11 706 000	10 987 000
Contributions to Long Service Bonus Provision	2 444 000	2 425 000
Contributions to Leave Gratuity Provision	2 009 594	1 914 540
Travel, motor car, accommodation, subsistence & other allowances	14 703 475	13 889 702
Housing benefits & allowances	1 645 913	1 604 220
Overtime payments	10 842 901	9 473 835
Executive packages	-	47 631
Less: Employee costs capitalised	(1 251 163)	(929 275)
<b>Total employee-related costs</b>	<b>243 654 622</b>	<b>228 749 097</b>

Refer to Note 45.1 for details regarding the restatement of comparative information.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL:**

	2017 R	2016 R
<b>Remuneration of the Municipal Manager</b>		
Annual remuneration	439 877	1 125 445
Performance bonuses	-	-
Car allowance	70 000	110 000
Contributions to UIF, Medical & Pension Funds	80 219	204 067
Acting allowance	197 010	-
Industrial Council	54	73
Severance package	-	611 978
<b>Total</b>	<b>787 160</b>	<b>2 051 563</b>

	2017 R	2016 R
<b>Remuneration of the Chief Financial Officer</b>		
Annual remuneration	966 239	906 568
Performance bonuses	164 307	69 582
Car allowance	102 000	102 000
Contributions to UIF, Medical & Pension Funds	175 708	164 968
Acting allowance	2 437	-
Industrial Council	92	87
<b>Total</b>	<b>1 410 783</b>	<b>1 243 205</b>

	<u>Technical + Electricity Services</u> R	<u>Dev planning &amp; Housing</u> R	<u>Corporate Services</u> R	<u>Community Services</u> R
<b>Remuneration of individual executive 30 June 2017</b>				
Annual remuneration	1 173 852	956 533	956 038	791 682
Performance bonuses	118 027	101 739	97 763	-
Acting allowance	-	-	19 933	-
Car allowance	102 000	108 000	120 000	120 000
Contributions to UIF, Medical & Pension Funds	219 481	224 886	162 580	169 999
Group Insurance	6 480	-	5 328	-
Industrial Council	92	92	92	92
<b>Total</b>	<b>1 619 932</b>	<b>1 391 250</b>	<b>1 361 735</b>	<b>1 081 773</b>

Remuneration of individual executive 30 June 2016	Technical + Electricity Services R	Dev planning & Housing R	Corporate Services R	Community Services R
Annual remuneration	1 102 297	896 656	887 096	234 358
Performance bonuses	110 306	96 765	91 008	-
Acting allowance	-	-	15 252	-
Car allowance	102 000	108 000	120 000	30 984
Contributions to UIF, Medical & Pension Funds	206 028	216 110	161 111	44 070
Group Insurance	6 480		5 328	
Industrial Council	87	87	87	29
<b>Total</b>	<b>1 527 198</b>	<b>1 317 618</b>	<b>1 279 882</b>	<b>309 441</b>

### 33. REMUNERATION OF COUNCILLORS

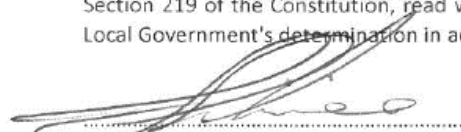
	2017 R	2016 R
Executive Mayor	697 057	704 375
Executive Deputy Mayor	613 844	567 955
Speaker	536 500	627 278
Mayoral Committee members	2 670 192	2 738 694
Councillors	4 744 749	4 595 426
Councillors' pension contributions	415 429	414 415
Councillors' medical contributions	108 532	64 981
Travel Cost in Excess of 500km	-	-
<b>Total Councillors' remuneration</b>	<b>9 786 303</b>	<b>9 713 125</b>

#### In kind benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Mayoral Committee members are employed on a full-time basis. Each is provided with an office and administrative secretarial support at Councils cost. The Executive and Deputy Mayor have access to Council-owned vehicles for ceremonial and official functions. Full-time Councillors are equipped with computers. Ward Committee members are equipped with cell phones for communication purposes.

#### Certification by Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager

### 34. DEBT IMPAIRMENT COSTS

	2017 R	2016 R
<b>Contribution to Provision for Debt Impairment:</b>	<b>20 384 942</b>	<b>28 025 300</b>
- Rates	412 998	-
- Electricity	-	-
- Water	2 222 877	2 942 589
- Refuse	173 954	1 885 354
- Sewerage	427 635	5 529 915
- Traffic fines	14 403 809	16 586 370
- Collection fees	129 418	663 445
- Housing Installments	219 188	-
- Housing rentals		197 318
- Land sales	4 641	-
- Sundry Debtors	651 713	220 310
- Long-term receivables		-
- Other receivables	1 738 709	-
Bad Debts : Services	-	-
<b>Total debt impairment costs</b>	<b>20 384 942</b>	<b>28 025 300</b>

**35. DEPRECIATION AND AMORTISATION EXPENSE**

	2017	2016
	R	R
<u>Depreciation:</u>		
Property, Plant and Equipment	62 765 515	64 272 971
Investment Property	936 029	936 212
 <u>Amortisation:</u>		
Intangible Assets	91 688	71 576
<b>Total Depreciation and Amortisation costs</b>	<b>63 793 232</b>	<b>65 280 760</b>

Refer to Note 42.3 for details regarding the restatement of previous year balances.

**36. FINANCE COSTS**

	2017	2016
	R	R
Finance Leases	56 310	114 922
Other Long-term Liabilities	2 778 192	2 394 189
Landfill Sites	4 258 032	3 544 195
Current Deposit / Grants	72 366	103 015
<b>Total interest</b>	<b>7 164 900</b>	<b>6 156 320</b>

Refer to Note 42.1 for details regarding the restatement of previous year balances.

**37. BULK PURCHASES**

	2017	2016
	R	R
Electricity	265 328 216	244 325 988
Water	11 614 545	9 341 493
<b>Total bulk purchases</b>	<b>276 942 760</b>	<b>253 667 481</b>

Bulk purchases are the cost of commodities not generated by the Municipality, but which the Municipality distributes to consumers. The Municipality purchases electricity in bulk from Eskom and then redistributes it to consumers. The Municipality has some of its own water sources, but also purchases water in bulk from the Department of Water Affairs and Forestry.

**38. CONTRACTED SERVICES**

	2017	2016
	R	R
Account Print	258 574	267 273
AMR System	407 716	549 035
Cash Transit	223 595	240 508
CID	484 969	487 906
Cleansing Services	297 118	6 124 212
Cut of Grass	10 657 266	4 648 707
Fire Services	81 780	-
Gardening Services	79 282	71 200
Info System Maintenance	937 903	475 947
Internal Auditors	1 078 337	1 917 445
Life Saving	1 501 335	1 481 285
Meter Readings	1 391 062	1 279 759
Prepaid System	8 075 546	7 631 269
Refuse Recycling	640 456	357 552
Refuse Removal	4 779 760	4 721 603
Reverse Osmosis Plant	650 365	526 183
Sanitation Services	1 550 379	2 193 715
Security Services	3 912 065	3 289 981
Transport Co.	362 149	335 990
Additional Valuations	157 663	231 800
Washing Linen	25 803	21 465
Concessionary Fees- Indigent	498 032	272 581
Desalination plant	-	1 320 229
<b>Total Contracted services</b>	<b>38 051 154</b>	<b>38 445 644</b>

**39. GRANTS AND SUBSIDIES PAID**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Subsidy: Benefit Discount Scheme	241 854	247 087
SPCA	800 000	721 287
Grants & Donations - Municipal	-	40 977
Other Donations	100 944	155 000
<b>Total grants &amp; subsidies</b>	<b>1 142 798</b>	<b>1 164 351</b>

**Other Donations:**

During 2016/17 Other Donations were made to the amount of R100 944, whereas an amount of R155 000 was donated during 2015/16. Of the R100 944 Other Donations, R 13 944 was donated to the Mossel Bay Care Centre, R 25 000 to the Education and Training Hub, R 27 000 to ACVV Kenani and R35 000 to the Piet Julies Action Group.

**Grants & Donations - Municipal:**

Mossel Bay Municipality has agreed to provide assistance to Oudtshoorn Municipality during the 2015/16 financial year of which the donated amount is given in note above.

**40. GENERAL EXPENSES**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Audit Fees - External Auditors	3 602 078	3 172 092
Bank Charges	1 268 615	1 866 120
Conferences & Seminars	23 732	35 408
Consultant Fees	4 566 753	4 730 770
Contract Work	8 992 730	8 200 367
Contributions to Alien Vegetation Provision	4 838 284	7 185 028
Desalination Plant	3 631 034	727 019
Energy Efficiency Projects	-	458 800
Entertainment - Public	39 154	13 219
Fuel & Oil	7 219 020	6 314 167
Hire Charges	277 271	261 835
Housing: Top Structures	13 064 485	13 790 678
Industrial & Tourism - Sect. 21 Co	2 143 881	2 140 775
Insurance	2 349 612	1 889 971
Inventory Items	2 275 268	116 975
Lease Charges	2 611 352	2 476 267
Legal Costs	873 590	1 908 036
Levy - Bargaining Council	87 375	75 320
Levy - Skills Development (SETA)	1 958 886	1 874 575
Levy - Water : DWAF	249 611	355 643
Levy-Water Catchmt Man:DWAF	849 034	624 199
Licence Fees	311 350	368 605
Materials and Stores	11 127 199	11 383 546
Processing of Green waste	654 780	1 403 084
Public Functions	389 623	470 673
Refuse Tip Site - External	4 588 849	2 726 931
Relief / Charitable Expenses	212 480	197 103
Telephones and Communications	1 325 086	1 530 841
Travelling & Subsistence	677 528	523 287
Water Rural Areas	50 927	144 097
Advertising	998 652	1 100 519
Postage, Rev Stamps & PO Box	889 776	963 519
Bush & Weed Clearing	727 885	909 754
Pest Control	230 972	129 196
Printing & Stationary	1 110 087	1 244 514
Refuse Bags	2 342 496	1 696 251
Subscriptions	2 519 870	2 504 804
Other	9 509 061	7 631 729
Less:	(1 204 580)	(1 610 288)
Vehicle and Equipment Recoveries	( 43 258)	( 48 197)
Recoverable Expenditure	(1 161 322)	(1 562 091)
	<b>97 383 807</b>	<b>91 535 428</b>

Mossel Bay Municipality has an agreement with PetroSA for the funding and construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility. In accordance with this agreement, Mossel Bay Municipality will invoice PetroSA for its share of the reconciled, agreed amounts due and payable.

Refer to Note 42.6 for details regarding the restatement of previous year balances.



<b>41. REPAIRS AND MAINTENANCE</b>	<b>2017</b>	<b>2016</b>
<u>Per municipal vote:</u>		
Municipal Manager & Executive Council	16 728	30 732
Corporate Services	3 685 856	3 812 757
Financial Services	482 280	806 157
Technical Services	16 525 668	18 061 106
Community Services	8 309 455	6 938 321
Development and Planning	22 692 166	21 401 370
<b>Total Fair Value adjustments</b>	<b>51 712 154</b>	<b>51 050 444</b>

This expenditure includes costs on Contracted Services and Materials & Supplies.

**42. PRIOR YEAR ADJUSTMENTS**

**42.1 FINANCE LEASES (Note 4) & FINANCE COSTS (Note 36)**

Adjustment of finance lease register with regards to computer leases where computers was stolen.

**Changes to Notes to Annual Financial Statements:**

**Finance Lease Liability (Note 4):**

Balance at 30 June 2016 on 2015/16 Financial Statements  
Correction of Computer lease register - prior years  
Correction of Computer lease register - previous year  
Restated balance as at 30 June 2016

**2016**

**R**

332 280  
( 59 422)  
(80 375)  
**192 483**

**Finance Costs - "Finance leases" (Note 36):**

Balance at 30 June 2016 on 2015/16 Financial Statements  
Correction of Computer lease register - previous year  
Restated balance as at 30 June 2016

**R**

195 297  
( 80 375)  
**114 922**

The Accumulated surplus and all related statements and notes were adjusted accordingly.

**42.2 PROPERTY RATES (Note 27) & OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (Note 23)**

Various corrections on Property Rates debtors was made during the year under review, which relates to the previous year.

**Changes to Notes to Annual Financial Statements:**

**Other Receivables from Non-exchange transactions - "Property Rates" (Note 23):**

Balance at 30 June 2016 on 2015/16 Financial Statements  
Correction of Property Rates - previous year  
Restated balance as at 30 June 2016

**2016**

**R**

10 100 316  
( 238 393)  
**9 861 924**

**Property Rates (Note 27)**

Balance at 30 June 2016 on 2015/16 Financial Statements  
Correction of Property Rates - previous year  
Restated balance as at 30 June 2016

94 874 776

( 238 393)

**94 636 383**

The Accumulated surplus and all related statements and notes were adjusted accordingly.

**42.3 PROPERTY, PLANT & EQUIPMENT (Refer Note 15), DEPRECIATION EXPENSE - "Property, Plant and Equipment" (Refer Note 35) & LOSS ON DE-RECOGNITION OF ASSETS (Refer Financial Performance - Expenditure)**

Various projects was undertaken during the financial year that lead to corrections of comparative figures. These projects include the asset count, review of useful lives, unbundling of assets and new assets found during the year.

**Changes to Notes to Annual Financial Statements:**

**Property, Plant & Equipment (Note 15):**

	<b>2016</b>
	<b>R</b>
Balance at 30 June 2016 on 2015/16 Financial Statements	1832 014 537
<b><u>Adjustments to "Cost":</u></b>	
Recognition of property identified with reconciliation of asset register	46 845 500
Assets requiring further unbundling - Road infrastructure - Prior years	(184 347 840)
Assets requiring further unbundling - Stormwater infrastructure - Prior years	(101 546)
Assets requiring further unbundling - Community assets - Prior years	(29 500)
Assets requiring further unbundling - Road infrastructure - Prior years (asset brought back)	184 478 886
Reversal of disposal of asset 40624	2 600
Walkway point asset recognition	660 466
Wolwedans extension: land rehabilitation and retaining walls shifted to operating expenditure	(7 049 310)
Capital Spares replace of mixer mototrs shifted to operating expenditure	(313 143)
Wolwedans extension: land rehabilitation and retaining walls shifted to operating expenditure	(1 254 324)
Sonskynvallei/Powertown relocation shifted to operating expenditure	(2 078 690)

**Adjustments to "Accumulated Depreciation":**

Assets requiring further unbundling - Road infrastructure - Prior years	62 696 427
Assets requiring further unbundling - Stormwater infrastructure - Prior years	3 447
Assets requiring further unbundling - Community assets - Prior years	6 435
Assets requiring further unbundling - Road infrastructure - Previous year	6 119 086
Assets requiring further unbundling - Stormwater infrastructure - Previous year	3 392
Assets requiring further unbundling - Community assets - Previous year	1 359
Assets requiring further unbundling - Road infrastructure - Prior years (asset brought back)	(46 279 671)
Assets requiring further unbundling - Road infrastructure - Previous year (asset brought back)	(5 796 838)
Reversal of disposal of asset 40624	(1 072)
Walkway point asset recognition - Accumulated depreciation	(1 161 304)
Walkway point asset recognition - Depreciation previous year	(20 204)
Restated balance as at 30 June 2016	<u><u>1885 398 695</u></u>

**Depreciation and Amortisation Expense - "Property, Plant and Equipment" (Note 35):**

Balance at 30 June 2016 on 2015/16 Financial Statements	64 578 695
Assets requiring further unbundling - Road infrastructure - Previous year	-6 119 086
Assets requiring further unbundling - Stormwater infrastructure - Previous year	-3 392
Assets requiring further unbundling - Community assets - Previous year	-1 359
Assets requiring further unbundling - Road infrastructure - Previous year (asset brought back)	5 796 838
Reversal of disposal of asset 40624	1 072
Walkway point asset recognition - Depreciation previous year	20 204
Restated balance as at 30 June 2016	<u><u>64 272 971</u></u>

**Changes directly to statement of financial performance:**

**Loss on de-recognition of Assets (Financial Performance - Expenditure):**

Balance at 30 June 2016 on 2015/16 Financial Statements	8 511 895
Reversal of disposal of asset 40624	(2 600)
Restated balance as at 30 June 2016	<u><u>8 509 295</u></u>

The Accumulated surplus and all related statements and notes were adjusted accordingly.

**42.4 GOVERNMENT GRANTS AND SUBSIDIES (Note 29)**

Derecognition of capital transfers due to the nature of the specific expenditure on Wolwedans extension: land rehabilitation and retaining walls and on Sonskynvallei/Powertown relocation.

**Changes to Notes to Annual Financial Statements:**

**Government grants and subsidies (Note 29)**

	<b>2016</b>
	<b>R</b>
Balance at 30 June 2016 on 2015/16 Financial Statements	139 951 218
Wolwedans extension: land rehabilitation and retaining walls shifted to operating expenditure	(1 254 324)
Sonskynvallei/Powertown relocation shifted to operating expenditure	(2 078 690)
Restated balance as at 30 June 2016	<u><u>136 618 205</u></u>

The Accumulated surplus and all related statements and notes were adjusted accordingly.

42.5 INVESTMENT PROPERTY (Note 18)

Recognition of Investment property identified with the reconciliation of asset register.

Changes to Notes to Annual Financial Statements:

Investment Properties (Note 18):

Balance at 30 June 2016 on 2015/16 Financial Statements

Adjustments to "Cost":

Recognition of property identified with reconciliation of asset register

Restated balance as at 30 June 2016

2016

R

604 254 910

23 021 300

627 276 210

The Accumulated surplus and all related statements and notes were adjusted accordingly.

42.6 SUNDRY CREDITORS (Note 12) & GENERAL EXPENSES OTHER (Note 40)

Rental amount for March 2016 for the lease of building not created as creditor at year end 30 June 2016.

Changes to Notes to Annual Financial Statements:

Payables from Exchange transactions - "Trade payables" (Note 12):

Balance at 30 June 2016 on 2015/16 Financial Statements

Recognition of creditor for lease charges - previous year

Restated balance as at 30 June 2016

2016

R

60 036 256

23 851

60 060 108

General expenses - "Other" (Note 40)

Balance at 30 June 2016 on 2015/16 Financial Statements

Recognition of creditor for lease charges - previous year

Restated balance as at 30 June 2016

7 607 878

23 851

7 631 729

The Accumulated surplus and all related statements and notes were adjusted accordingly.

42.7 INVESTMENTS (Note 24), CASH & CASH EQUIVALENTS (Note 25) & RECEIVABLES FROM EXCHANGE TRANSACTIONS - Other Debtors (Note 22)

Restatement of investment interest to date to Other Debtors from the Investment account for Long-term investments.

Restatement of short-term maturity deposits from Other Debtors to the Short term investment deposits account.

Changes to Notes to Annual Financial Statements:

Investments (Note 24)

Balance at 30 June 2016 on 2015/16 Financial Statements

Restatement of Long-term investment interest as Other debtor

Restated balance as at 30 June 2016

2016

12 646 586

( 646 586)

12 000 000

Cash & Cash Equivalents - "Short-term Investment deposits" (Note 25)

Balance at 30 June 2016 on 2015/16 Financial Statements

Restatement of Short-term investment deposit interest as Cash & Cash equivalents

Restated balance as at 30 June 2016

330 306 013

8 699 337

339 005 350

Receivables from Exchange transactions - "Other" (Note 22)

Balance at 30 June 2016 on 2015/16 Financial Statements

Restatement of Long-term investment interest as Other debtor

Restatement of Short-term investment deposit interest as Cash & Cash equivalents

Restated balance as at 30 June 2016

R

11 763 427

646 586

(8 699 337)

3 710 676

The Accumulated surplus and all related statements and notes were adjusted accordingly.

**42.8 INVENTORY - "Housing Topstructures" (Note 21)**

A correction was done to the opening balance of the 2015/16 financial year as the balance did not correspond to the working papers on Housing Topstructure inventory.

**Changes to Notes to Annual Financial Statements:**

**Inventory (Note 21):**

Balance at 30 June 2016 on 2015/16 Financial Statements

Adjustment of opening balance of Housing Topstructures inventory

Restated balance as at 30 June 2016

**2016**

**R**

21 910 953

181 161

22 092 115

The Accumulated surplus and all related statements and notes were adjusted accordingly.

**42.9 SUMMARY OF CHANGES TO STATEMENT OF FINANCIAL POSITION:**

During the year various previous year adjustments were made to the Statement of Financial Position. The following is a summary of all the movements in the previous year's balances:

**Changes to Net assets and Liabilities:**

Balance as at 30 June 2016 (as stated in the 2015/16 Annual Financial Statements):

**42.11 SUMMARY OF CHANGES TO STATEMENT OF CHANGES IN NET ASSETS:**

During the year various previous year adjustments were made to the Statement of Changes in Net Assets. The following is a summary of all the movements in the previous year's balances for the Accumulated Surplus, Capital Replacement Reserve and the Housing Development Fund:

	<b>2016</b>
	<b>R</b>
<b><u>Changes to Accumulated Surplus:</u></b>	
<b>Balance as at 30 June 2016 (as stated in the 2015/16 Annual Financial Statements):</b>	<b>2384 311 890</b>
Finance lease liability (Refer to note 42.1)	139 797
Other Receivables from non-exchange transactions (Refer to note 42.2)	( 238 393)
Property, Plant & Equipment (Refer to note 42.3)	53 384 158
Investment Property (Refer to note 42.5)	23 021 300
Payables from exchange transactions (Refer to note 42.6)	(23 851.38)
Investments (Refer to note 42.7)	( 646 586)
Cash & Cash equivalents (Refer to note 42.7)	8 699 337
Receivables from exchange transactions (Refer to note 42.7)	(8 052 751)
Inventory (Refer to note 42.8)	181 161
<b>Restated balance of Accumulated Surplus as at 30 June 2016</b>	<b><u>2460 776 062</u></b>
<b><u>Changes to Capital Replacement Reserve:</u></b>	
<b>Balance as at 30 June 2016 (as stated in the 2015/16 Annual Financial Statements):</b>	<b>126 575 281</b>
Capital replacement reserve	-
<b>Restated balance of Capital Replacement Reserve as at 30 June 2016</b>	<b><u>126 575 281</u></b>
<b><u>Changes to Housing Development Fund:</u></b>	
<b>Balance as at 30 June 2016 (as stated in the 2015/16 Annual Financial Statements):</b>	<b>21 560</b>
None	-
<b>Restated balance of Housing Development Fund as at 30 June 2016</b>	<b><u>21 560</u></b>

**43. CHANGE IN ACCOUNTING POLICY**

No changes were made to previously disclosed information due to a change in accounting policy.

**44. CHANGE IN ACCOUNTING ESTIMATES**

**44.1 Changes in Useful lives (Refer Note 15 - PPE & Note 17 - Intangible assets)**

The Municipality has reassessed the useful lives of PPE and Intangible assets and residual values of property, plant and equipment which resulted in changes in depreciation and amortisation charges. The effect of the change in accounting estimate has resulted in the following movements for the current and future periods on the affected capital assets:

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b><u>Movement in depreciation and amortisation:</u></b>				
Before change in estimate	15 656 449	11 260 901	9 520 192	8 023 622
After change in estimate	<u>10 878 634</u>	<u>7 957 061</u>	<u>5 142 028</u>	<u>4 498 969</u>
Net effect (Decrease) / Increased charges	<u><u>-4 777 815</u></u>	<u><u>-3 303 840</u></u>	<u><u>-4 378 164</u></u>	<u><u>-3 524 653</u></u>

**45. RESTATEMENT OF COMPARATIVE INFORMATION**

**45.1** Restatement of Senior management Executive packages (Refer Note 32 - Employee related costs)

Restatement of Senior management Employee related costs previously disclosed under Executive packages. This expenditure is now disclosed as part of the following expenditure items:

	9 761 286
Employee-related costs - Salaries, Wages & Bonuses	(6 132 059)
Employee-related costs - Contributions for UIF, pensions & medical aids	(1 008 163)
Travel, motor car, accommodation, subsistence & other allowances	( 573 433)
Executive packages new total for 2015/16 year	<u>47 631</u>

**45.2** Restatement of Operating lease commitments (Refer Note 26.1 & 26.2 - Operating Leases)

As part of the disclosure notes to Note 26 on Operating leases the Municipality discloses all outstanding commitments under operating lease of buildings. The disclosure for 15/16 is adjusted to include all new contracts applicable to the 15/16 year for periods up to 1 year, 1 to 5 years and more than 5 years.

The Municipality as lessee:

Previously disclosed : Total Operating Lease arrangements - as lessee	9 335 921
Adjustments made to note disclosure	4 991 000
Total Operating Lease arrangements - as lessee	<u>14 326 921</u>

The Municipality as lessor:

Previously disclosed : Total Operating Lease arrangements - as lessor	2 548 837
Adjustments made to note disclosure	185 221
Total Operating Lease arrangements - as lessor	<u>2 734 058</u>

**45.3** Restatement of classes op Property Rates (Refer Note 27 - Property Rates)

The classification of actual property rates as well as the valuation totals has been adjusted to be more in line with the Municipal Property Rates Act. The overall total property rates and valuations for the 2015/2016 year was however not adjusted.

**46. COMPARISON WITH BUDGET**

**Reconciliation of budget surplus/deficit with the surplus/deficit in the Statement of Financial Performance:**

Net surplus/(deficit) per the statement of financial performance	<b>2016</b> <b>R</b> 139 163 872
Net surplus/(deficit) as per approved budget	<u>74 236 945</u>
Variance to be explained (refer to Statement of Comparison of Budget and Actual amounts for detail)	<u>64 926 927</u>

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2016 to 30 June 2017. The budget information is therefore on a comparable basis to the actual amounts.

**Expenditure per VOTE: OPERATIONAL**

	<b>Budget:</b> <b>R</b>	<b>Actuals:</b> <b>R</b>	<b>Variance:</b> <b>R</b>
Municipal Manager & Executive Council	47 095 203	43 698 154	3 397 049
Corporate Services	46 684 210	43 952 299	2 731 912
Financial Services	46 358 940	44 424 492	1 934 448
Technical Services	429 956 205	426 399 061	3 557 144
Community Services	180 449 603	163 387 674	17 061 929
Development and Planning	140 227 474	97 375 223	42 852 251
	<u>890 771 634</u>	<u>819 236 902</u>	<u>71 534 732</u>

**Detail of Material Variances:**

Municipal Manager & Executive Council: The main reason for the underspending is related to the actuarial loss which has not materialised as well as the lower contribution to the leave provision. Corporate Services: The underspending relates to depreciation charges, telephone cost and repairs and maintenance cost. Financial Services: The underspending relates to Internal and External audit cost, bank charges and insurance claim cost. Technical Services: The underspending relates to debt impairment charges. Community Services: The underspending relates to debt impairment and contracted services regarding refuse and security services. Development and Planning Services: The underspending is mainly due to housing topstructure expenditure that is derecognised due to agency function and other recognised as inventory.

# MOSSEL BAY MUNICIPALITY

## Annual Financial Statements for the year ended 30 June 2017

### Expenditure per VOTE: CAPITAL

	Budget: R	Actuals: R	Variance: R
Municipal Manager & Executive Council	624 500	564 568	59 932
Corporate Services	4 291 964	8 852 146	(4 560 182)
Financial Services	1 216 863	756 931	459 932
Technical Services	80 951 781	77 382 449	3 569 332
Community Services	16 099 379	14 559 045	1 540 334
Development and Planning	49 191 986	42 708 349	6 483 637
	<u>152 376 474</u>	<u>144 823 488</u>	<u>7 552 985</u>

### Detail of Material Variances:

Corporate Services: The over expenditure was caused by donated assets of which the youth centre and the Wolwedans creche is the biggest. Technical Services: The underspending was caused by the delays in the delivery of machinery at the regional waste water treatment works and the upgrading of the Freimersheim water treatment works. Community Services: The underspending was caused by a delay in the delivery of the back hoe machine. Development and Planning Services: The expenditure on the Housing projects caused the underspending.

## 47. CASH GENERATED BY OPERATIONS

	2017 R	2016 R
<b>Surplus / (Deficit) for the year</b>	<b>139 071 383</b>	<b>84 038 998</b>
<b>Adjustment for:</b>		
Depreciation and Amortisation	63 793 232	65 279 689
Gain and loss on derecognition of assets	1 856 237	7 681 769
Donated and Contributed PPE	(9 296 697)	(6 916 943)
Impairment on Assets	-	-
Reversal of Asset Impairment	( 315 117)	(1 811 569)
Contributions to provisions	4 358 513	7 185 028
Employee Benefits	9 946 569	8 458 095
Actuarial loss / (gain)	(25 267 490)	2 889 623
Unamortised Discount	( 234 444)	( 143 836)
Sale of Redundant Inventory	( 735 896)	( 369 045)
Harvesting of Plantation	-	-
Contributions to debt impairment provision	20 051 305	22 364 134
Bad Debts written off	(2 806 201)	(34 865 434)
Investment Income - external investments	(34 816 538)	(28 874 461)
Investment Income - outstanding debtors	(1 913 275)	( 646 586)
Operating Lease Income	( 12 365)	-
Operating Lease Expenses	327 927	336 334
Finance costs	7 164 900	6 156 320
<b>Operating surplus before working capital changes:</b>	<b>171 172 045</b>	<b>130 762 117</b>
(Increase) / Decrease in inventories	(7 100 808)	8 532 030
(Increase) / Decrease in receivables from exchange transactions	(6 269 977)	29 400 152
(Increase) / Decrease in receivables from non-exchange transactions	(17 042 927)	(13 683 709)
Increase / (Decrease) in unspent / unpaid conditional grants & receipts	19 721 903	(15 517 141)
Increase / (Decrease) in VAT payable/receivable	(2 468 217)	4 454 385
Increase / (Decrease) in Payables from exchange transactions	18 592 128	(2 877 227)
<b>Cash generated by operations</b>	<b>176 604 147</b>	<b>141 070 608</b>

## 48. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2017 R	2016 R
Finance lease liability (see Note 4)	280 240	646 430
Other Long-term liabilities (see Note 5)	31 099 759	27 133 487
Used to finance PPE - at cost	-	-
Sub-total	<u>31 379 999</u>	<u>27 779 918</u>

Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date (See Note 25).

**49. UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE**

**49.1 Unauthorised expenditure**

	2017 R	2016 R
Reconciliation of unauthorised expenditure		
Opening balance	41 644	21 307
Unauthorised expenditure current year	4 560 182	41 644
Approved by council or condoned	( 41 644)	( 21 307)
Transfer to receivables for recovery - not condoned	-	-
Unauthorised expenditure awaiting authorisation	<u>4 560 182</u>	<u>41 644</u>

The overspending of R4 560 182 under the Corporate Services vote in the 2016/17 year is due to donated assets recognised which was not budgeted for. Assets donated includes the creche building in Wolwedans and the Youth Centre building. The overspending of R41 644 under the Corporate services vote in the 2015/16 year is due to donated assets recognised which was not budgeted for and overspending of the Municipal manager and executive council vote is due to an overspending on the budget for legal costs. The overspending was condoned by Council.

**49.2 Irregular expenditure**

	2017 R	2016 R
Reconciliation of irregular expenditure		
Opening balance	216 563	2 279 942
Irregular expenditure current year	53 489	216 563
Condoned or written off by Council	( 216 563)	-
Recovered	-	-
To be recovered - contingent asset	-	-
Adjustment of prior year disclosure	-	(2 279 942)
Irregular expenditure awaiting condonement	<u>53 489</u>	<u>216 563</u>

2017

Incident	Disciplinary steps/criminal proceedings
No extension of Contract approved for Tender 30-16/17. Amount of R11 090.40 overspent on contract amount. Audit work performed on procurement revealed that the reasons supplied for the approval of two deviations were not in accordance with legislative prescripts. This relates to the Design and Print of Calendars and T-Shirts to the amount of R30 559.98 and R11838.60 respectively.	Will be reported to Accounting Officer / Disciplinary Board Committee for investigation.

2016

Incident	Disciplinary steps/criminal proceedings
Tender 34-15/16 - Expenditure above the awarded tender amount in terms of the Bid Adjudication Minutes.	Disciplinary Board Committee convened and made recommendations to Council based on a report from the Municipality's Internal Audit Unit.

**49.3 Fruitless & wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>-</u>	<u>-</u>

**50. ADDITIONAL DISCLOSURES i.t.o THE MFMA**

**50.1 Contributions to SALGA**

	2017 R	2016 R
Opening balance	-	-
Council subscriptions	2 346 040	2 194 327
Amount paid - current year	(2 346 040)	(2 194 327)
Amount paid - previous years	-	-
Balance unpaid (included in Payables from exchange transactions)	<u>-</u>	<u>-</u>



**50.2 Audit fees**

**External Audit Fees**

	2017 R	2016 R
Opening balance	-	-
Current year audit fee	3 602 078	3 172 092
Amount paid - current year	(3 602 078)	(3 172 092)
Amount paid - previous years	-	-
<b>Balance recoverable (included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>

**Internal Audit Fees**

	2017 R	2016 R
Opening balance	-	-
Current year audit fee	1 078 337	1 917 445
Amount paid - current year	(1 078 337)	(1 917 445)
Amount paid - previous years	-	-
<b>Balance unpaid (included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>

**50.3 VAT**

	2017 R	2016 R
VAT Receivable / (Payable)	8 071 251	5 603 034

All VAT returns have been submitted by the due date throughout the year.

**50.4 PAYE and UIF**

	2017 R	2016 R
Opening balance	-	-
Current year payroll deductions	28 271 925	26 983 697
Amount paid - current year	(28 271 925)	(26 983 697)
Amount paid - previous years	-	-
<b>Balance recoverable (included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>

**50.5 Pension, Provident and medical aid contributions, Group insurance**

	2017 R	2016 R
Opening balance	-	-
Current year payroll deductions and council contributions	66 754 145	59 947 698
Amount paid - current year	(66 754 145)	(59 947 698)
Amount paid - previous years	-	-
<b>Balance unpaid (included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>

**50.6 Councillor's arrear consumer accounts**

The following Councillors had arrear accounts outstanding as at 30 June for more than 90 days:

	Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
<b>30 June 2017</b>			
None	-	-	-
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2016</b>			
None	-	-	-
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>

During the year the following councillors had arrear accounts outstanding for more than 90 days:

	Month	Highest Amount Outstanding R	Ageing
<b>1 July 2016 to 30 June 2017</b>			
M E Furness	December 2016 to January 2017	65	90+ days
<b>1 July 2015 to 30 June 2016</b>			
None			

**50.7 Non-compliance with Municipal Financial Management Act**

Non-compliance with Chapter 11 of the MFMA

The following deviations and ratifications of minor breaches of procurement processes are reported to council in terms of Paragraph 36(2) of the SCM Policy:

	2017 R	2016 R
<u>Types of deviations:</u>		
Sole Supplier	14 956 309	20 384 424
Emergency	2 701 876	1 309 590
Acquisition of special works of art or historical objects where specifications are difficult to compile.	-	4 560
Exceptional case and it is impractical or impossible to follow the official procurement process	10 896 022	5 536 322
Expansions and Variations	422 755	-
	<u>28 976 962</u>	<u>27 234 896</u>

The above-mentioned deviations from the Supply Chain Management processes has been condoned in terms of the approved Supply Chain Management Policy.

Non-compliance with Section 75 of the MFMA

The Municipality did not place the 2017/18 budget related documents on the municipal website within 5 days after the approval of the budget. The documents was however placed on the website within the prescriptions of section 18 of the Municipal Budget and Reporting Regulations.

**50.8 LEVIES PAID TO OTHER GOVERNMENT ORGANISATIONS**

	2017 R	2016 R
Levy Department of Water Affairs and Forestry : Water	249 611	355 643
Levy Department of Water Affairs and Forestry : Water Catchment Management	849 034	624 199
Skills Development Levy	1 958 886	1 874 575
Levy Bargaining Council	87 375	75 320

**50.9 MATERIAL LOSSES**

	2017	2016
<u>Electricity distribution losses</u>		
- Units purchased (kWh)	303 930 017	302 105 101
- Units lost during distribution (kWh)	27 353 644	28 793 364
- Percentage lost during distribution	9.00%	9.53%

These losses are due to technical losses on the distribution system (transformers, cables, overhead lines), faulty meters, theft and vandalism.

	2017	2016
<u>Water distribution losses</u>		
- Mega litres purified	7 956	7 533
- Mega litres lost during distribution	1 464	1 152
- Percentage lost during distribution	18.40%	15.30%

These losses are due to defective meters, losses on water network (breakage in pipelines and pumps, leaking valves, etc.), evaporation, theft, vandalism and damages due to blind excavations.

**51. CONTRACTUAL COMMITMENTS**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Commitments in respect of capital expenditure:		
-approved and contracted for	100 761 942	82 527 253
<i>Infrastructure</i>	98 703 160	76 423 471
<i>Community</i>	2 058 782	6 103 782
<i>Other</i>	-	-
-approved, but not yet contracted	-	-
<i>Infrastructure</i>	-	-
<i>Community</i>	-	-
<i>Other</i>	-	-
<b>TOTAL</b>	<b>100 761 942</b>	<b>82 527 253</b>
<u>This expenditure will be financed from:</u>		
-Capital replacement reserve	37 609 024	29 268 777
-Government grants	63 152 918	53 258 477
-Public contributions / donations	-	-
	<b>100 761 942</b>	<b>82 527 253</b>

**52. RELATED PARTIES**

Parties are considered to be related if:

- One party has the ability to control the other party; or
- Exercise significant influence over the other party in making financial and operating decisions.

**52.1 Related Party Transactions**

**Year ended 30 June 2017**

	<b>Rates and service charges</b>	<b>Outstanding balances</b>
	<b>R</b>	<b>R</b>
Councillors	307 141	-
Municipal Manager and Section 57 Personnel	74 986	-
Municipal Entities	-	-

**Year ended 30 June 2016**

Councillors	262 926	-
Municipal Manager and Section 57 Personnel	52 049	-
Municipal Entities	-	-

The rates, service charges and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

**52.2 Joint Venture - Jointly controlled asset**

Mossel Bay Municipality has an agreement with PetroSA for the funding and construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility.

The Municipality accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

Title and ownership of the Desalination facility shall vest in the Municipality and PetroSA proportional to their respective funding contributions.

Refer to Notes 15, 31.3 and 40 for more detail on these transactions.

**52.3 Related Party Loans**

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004.

**52.4 Compensation of key management personnel**

The compensation of key management personnel is set out in Note 32.

**52.5 Other related party transactions**

No awards were made to Councillors and Key Management Personnel.

The following are awards above R2 000 made to persons in service of the state and close family members of persons in the service of the state.

**QUOTATIONS:**

		TOTAL AMOUNT (R) FOR 16/17	
QUOTATION	AWARDED TO	YEAR	RELATION
AWARDS TO PERSONS IN SERVICE OF STATE			
Problem vegetation assessment	Credo Environmental Services	32 860	Some of the Directors was in service of the state within the last 12 months.
Water Meters	Elster Kent Metering (Pty) Ltd	392 690	One of the Non Excecutive Directors was in service of the state within the previous 12 months.
AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN SERVICE OF STATE			
Delivering of professional services	Aurecon South Africa (George)	2 457 319	Aurecon has numerous family members working for State Departments. but none of their Directors has any family members in service of the State.
Various	B L Construction CC	33 144	The owner of company is the brother of an employee of Mossel Bay Municipality (Pieter Myburgh)
Various	Volts and Welds	262 431	The owner is the cousin of an employee of Mossel Bay Municipality
Consultant fees	Mark Berry Environmental Consultants CC	23 150	The Spouse of owner is an State Advocate with NPA
Various	A2 Loodgieters	57 718	Spouse of the owner is working for the Department of Correctional Services
Training	Leanco Bussiness Services & Training Centre CC	32 260	Spouse of the owner is a councilor at George Municipality (C. Neethling)
Meters Pre paid	Conlog (Pty) Ltd	161 158	Conlog (Pty) Ltd has numerous family members working for State Departments. They also indicated that
Various	Electronic Services	19 524	The owner is the son in law of an employee of Mossel Bay Municipality (Elaine Stipp)
Legal services	Japie C Barnard Attorneys	5 472	Spouse of the owner is working at Department of Education
Various	Gouws NE Transport	59 540	Spouse of the owner is an employee at Mossel Bay Municipality (H Pongolo)
Professional Services	SMEC South Africa (Pty) Ltd	585 566	The daughter of an employee of Mossel Bay Municipality works for SMEC (Pieter Myburgh)

# MOSSEL BAY MUNICIPALITY

## Annual Financial Statements for the year ended 30 June 2017

QUOTATION	AWARDED TO	TOTAL AMOUNT (R) FOR 16/17		RELATION
		YEAR		
Various	3rd Generation Trading	206 900		Spouse of the Director works at PetroSA
Various	C5 Algemene Sweiswerke	212 419		The owner of the company has a reletave in Mossel Bay Municipality (Heinrich Ohlson)
Various	Jose Cuhna Construction	85 679		The owner of the company has a reletave in Mossel Bay Municipality (Heinrich Ohlson)
Various	AM Cuhna t/a 4k Bouers	21 500		The owner of the company has a reletave in Mossel Bay Municipality (Heinrich Ohlson)
Various	Starlight Wholesale Electrical Supplies (Pty) Ltd	81 059		Has a relative in serice of the state at the Forensic Department (B Wasserfall)

### TENDERS:

TENDER	AWARDED TO	AMOUNT	RELATION
Tender 99-13/14	Aurecon South Africa (George)	387 600	Aurecon has numerous family members working for State Departments, but none of their Directors has any family members in service of the State.
Tender 5-16/17	Aurecon South Africa (George)	138 835	Aurecon has numerous family members working for State Departments, but none of their Directors has any family members in service of the State.
Tender 30-16/17	A2 Loodgieters	2 278 631	Spouse of the owner is working for the Department of Correctional Services
Tender 30-15/16	A2 Loodgieters	274 547	Spouse of the owner is working for the Department of Correctional Services
Tender 15-16/17	A2 Loodgieters	2 297 659	Spouse of the owner is working for the Department of Correctional Services
Tender 46-16/17	A2 Loodgieters	840 506	Spouse of the owner is working for the Department of Correctional Services
Various	Japie C Barnard Attorneys	27 024	Spouse of the owner is working at Department of Education
Tender 99-13/14	SMEC South Africa (Pty) Ltd	294 456	The daughter of an employee of Mossel Bay Municipality works for SMEC (Pieter Myburgh)
Retension on tender 44-14/15	LNJ Konstruksie BK	52 881	The owners are the sons of the Previous Executive Mayor of Mossel Bay Municipality
Retension on tender 2-15/16	Marracon (Pty) Ltd	662 513	The owners are the sons of the Previous Executive Mayor of Mossel Bay Municipality
Retension and payments on tender 23-15/16	Marracon (Pty) Ltd	296 015	The owners are the sons of the Previous Executive Mayor of Mossel Bay Municipality

Alderlady M Ferreira (Previous Executive Mayor) do not have any shareholding or interest in Marracon (Pty) Ltd and or LNJ Konstruksie BK as per the above awards. Alderlady M Ferreira was the Executive Mayor up to the Municipal election that was held on 03 August 2016.

The transactions are concluded in full compliance with the Supply Chain Management policy of the Council and the transactions are considered to be at arms length.

### 53. FINANCIAL RISK MANAGEMENT

**Credit risk** is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur a financial loss.

**Market risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This comprises three types of risks, which is currency risk, interest rate risk and other prices risk.

**Interest rate risk** is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate changes.

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long term debtors, consumer debtors, other debtors, short term investment deposits and bank and cash balances.

The Municipality limits its counterparty exposures from its money market investment operations by only dealing with well established financial institutions of high quality credit standing. The credit exposure to any single counterparty is managed by setting transaction/exposure limits, which are included in the Municipality's investment policy. These limits are reviewed annually by the CFO and authorised by the executive mayoral committee.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt. Outstanding accounts are followed up monthly and the supply of electricity accounts not paid on due date are cut immediately.

**Other price risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

**Liquidity risk** is the risk that the Municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The financial liabilities of the Municipality are backed by appropriate assets and it has adequate liquid resources. Council has an approved Long-term financial plan which brought policies and procedures in place to monitor the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

The maximum credit and interest rate risk exposure in respect of relevant financial instruments is as follows:

	2017	2016
Description of type of financial instrument	R	R
Long term receivables	1 434 770	1 647 076
Receivables from Exchange transactions	69 600 310	63 330 333
Other Receivables from Non-Exchange transactions	17 758 861	15 114 512
Cash and Cash Equivalents	417 342 456	348 009 376
<b>Maximum credit and interest rate risk exposure</b>	<b>506 136 397</b>	<b>428 101 296</b>

### 54. FINANCIAL INSTRUMENTS

In accordance with the principles of GRAP 104 the financial instruments of the Municipality are classified as follows:

SUMMARY OF FINANCIAL ASSETS		2017	2016
Short-term Investment Deposits:		R	R
Short-term Investment Deposits	At amortised cost	401 146 276	339 005 350
<b>Bank Balances and Cash:</b>			
Bank Balances	At amortised cost	16 177 119	8 985 565
Petty cash and advances	At amortised cost	19 060	18 460
<b>Long-term Receivables:</b>			
Study Loans	At amortised cost	140 460	133 335
Land Sales Debtors	At amortised cost	12 208	13 921
Public Assistance Loans	At amortised cost	47 070	70 333
Housing Selling Scheme Loans	At amortised cost	1 235 032	1 429 486

**Receivables from Exchange transactions:**

Service debtors	At amortised cost	51 557 853	50 425 236
Debtback Collections	At amortised cost	3 787	3 062
Land Sales	At amortised cost	2 161	6 173
Housing Instalments	At amortised cost	740 439	949 635
Housing rentals	At amortised cost	29 694	52 418
Sundry Debtors	At amortised cost	6 482 438	2 737 487

**Other Receivables from Non-Exchange transactions:**

Government subsidies	At amortised cost	128 834	128 834
Other	At amortised cost	2 803 282	3 134 582

**Unpaid conditional grants and receipts:**

Unpaid conditional grants and receipts	At amortised cost	0	2 515 000
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**Total Financial Assets**

480 525 715	409 608 879
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**SUMMARY OF FINANCIAL LIABILITIES**

**Long term liabilities:**

		<b>2017</b>	<b>2016</b>
		<b>R</b>	<b>R</b>
Local registered stock loans	At amortised cost	44 572	118 101
Long term loan		28 252 246	24 047 623

**Lease liability:**

Finance lease liability	At amortised cost	18 876	192 483
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**Payables from exchange transactions:**

Trade and Other Payables	At amortised cost	88 645 594	72 880 543
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**Unspent conditional grants and receipts:**

Unspent conditional grants and receipts	At amortised cost	37 963 297	20 756 394
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**Cash and Cash Equivalents:**

Bank Overdraft	At amortised cost	-	-
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**Current portion of long term liabilities:**

Local registered stock loans	At amortised cost	61 538	215 386
Long term loan		2 741 403	2 752 377

**Current portion of Lease liability:**

Finance lease liability	At amortised cost	261 364	453 947
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**Total Financial Liabilities**

157 988 891	121 416 854
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The following methods and assumptions are used to determine the fair value / amortised cost of each class of financial instrument:

**Cash and Cash Equivalents**

The carrying amount approximates the fair value due to the relatively short-term nature of these financial assets.

**Trade and Other receivables / payables**

The carrying amount of trade and other receivables (net of provision for debt impairment) / payables approximates fair value due to the relatively short-term nature of these assets / liabilities.

**Long-term Receivables / payables**

Subsequent to initial recognition, interest bearing borrowings and receivables are stated at amortised cost. Fixed interest rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market-related interest rates at the reporting date.

**Interest rate sensitivity analysis**

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below.

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus. There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

<u>Increase in interest rates</u>	2017	2016
The estimated increase in basis points	1%	1%
Financial Assets	R 4 805 257	R 4 096 089
Financial Liabilities	1 579 889	1 214 169
Net effect on surplus (Financial Assets minus Financial Liabilities)	<u>3 225 368</u>	<u>2 881 920</u>

## **55. CONTINGENT LIABILITIES / ASSETS**

### **55.1 Contractual disputes**

Below is a list of possible liability claims where the outcome was unknown at 30 June 2017 with the maximum unforeseen liability for the Municipality:

- Allandale and others v Mossel Bay Municipality: This is a claim for flood damages to the amount of R16 516 054.
- Stonetrade Trust v Mossel Bay Municipality: This is a claim with regards to Mid-income housing to the amount of R64 220 976.
- Belstow Technologies v Mossel Bay Municipality: This is a claim with regards to the cancellation of contract for Traffic cameras to the amount of R6 679 588.
- Attpower (Pty) Ltd v Mossel Bay Municipality: This is a claim based on so-called breach of contract to the amount of R83 849 227.

SALA Pension Fund v Various Municipalities: This dispute has been settled in the 2015/16 financial year.

A summons was received for a public liability claim which could not be settled with the insurance brokers. Damages due to injuries is claimed to the amount of R 1 338 745.80

### **55.2 Guarantees of employees housing loans**

Guarantees have been issued to various financial institutions on behalf of officials in respect of housing loans.

This is covered by individual cumulated pensions depending on the years of service. Collateral investments were made in certain cases. The maximum amount of the guarantees amount to R24 285, and council has a right to recovery.

Note: Council has received the funds on one of the guarantees, but are awaiting confirmation of cancellation of the guarantee.

### **55.3 Other contingent liabilities**

- There is currently four disputes under arbitration and conciliations between the municipality and employees. The outcome, timing and amounts of these cases are not available.

### **55.4 Contingent Assets**

The Municipality is currently in a dispute with Eden District Municipality regarding ownership of Erven 264 and 271, Reebok. If Mossel Bay Municipality succeeds in the dispute it will lead to the properties being added to their asset register.

## **56. EVENTS AFTER THE REPORTING DATE**

**56.1** During the month of June 2017 various places along the coastal line was affected by storm damage. The Municipality is currently in the process of appointing consultants to investigate what the extent is of the damage.

**56.2** Subsequent to the submission of the 2016/17 Annual Financial Statements as on 31 August 2017, Work-in-Progress to the value of R23 643 888.42 were finalised. The depreciation effect was R92 489.06.



**Note 57: Implication of standards approved but not yet effective:**

Std. no.		Standard title	Standard requirements	Earlier implementation Y/N	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
GRAP 18		Segment reporting	Entire standard	N	<p><b>The AFS will have to be adjusted to ensure that the disclosure requirements relating to segment information are met.</b></p> <p>The primary reporting format requires inter alia, disclosure of:</p> <ol style="list-style-type: none"> <li>1) Segment revenue for every reportable segment.</li> <li>2) Segment results for every reportable segment.</li> <li>3) Segment assets for every reportable segment.</li> <li>4) The total cost incurred during the period to acquire reportable segment long term assets.</li> <li>5) A reconciliation between the information disclosed for reportable segments and the information in the entity's own financial statements.</li> </ol> <p>Based on the decision of the entity whether business or geographical segments are the primary reporting format, the secondary reporting format requirements as set out in GRAP 18 will also need to be disclosed in the AFS.</p> <p>Note should be taken of the information disclosed as per Appendix B and C.</p>
GRAP 32		Service Concession Arrangements: Grantor	Entire Standard	N	<b>Not applicable to Mossel Bay Municipality at this stage.</b>
GRAP 108		Statutory Receivables	Entire Standard	N	<b>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</b>

# APPENDICES

## Appendix A : Schedule of External Loans

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017										
External loans	Institution	Loan number	Redeemable	Balance at 30 June 2016	Received during the period	Redeemed / written off during the period	Unamortised discount on loans	Balance at 30 June 2017	Carrying value of PPE	Other costs in accordance with the MFMA
<b>STOCK LOANS</b>				R	R	R		R	R	R
Stock loan @ 15.00%	Hartenbos Tennisklub	1/97	2012/12/31	-				-	-	-
Stock loan @ 15.00%	KBR Tennisklub	2/97	2012/12/31	-				-	-	-
Stock loan @ 15.00%	Vista Rolbalkklub	1/99	2013/12/31	-				-	-	-
Stock loan @ 15.00%	Hartenbos Bowling club	2/99	2015/12/31	-				-	-	-
Stock loan @ 15.00%	St Blaze Mooel Vlieers	2/2000/01	2015/11/01	( 0)				( 0)	-	-
Stock loan @ 15.00%	Hartenbos Bowling Club	1/2000/01	2015/07/20	0				0	-	-
Stock loan @ 15.00%	Mosselbaai Tennisklub	4/2000/01	2016/03/01	-				-	-	-
Stock loan @ 15.00%	Mosselbaai Aero club	1/2001/02	2016/10/01	178 462		178 462		-	-	-
Stock loan @ 15.00%	Mosselbaai Harriers	2/2001/02	2016/10/01	36 924		36 924		-	-	-
Stock loan @ 15.00%	Mosselbaai Bowling club	1/2002/03	2018/03/07	61 539				61 539	-	-
Stock loan @ 12.00%	Boggomsbaai Golf club	2/2003/04	2018/10/31	30 714				30 714	-	-
Stock loan @ 12.00%	Hartenbos Tennisklub	1/2003/04	2018/09/18	25 848			( 11 991)	13 857	-	-
<b>Total stock loans</b>				<b>333 487</b>	<b>-</b>	<b>215 386</b>	<b>( 11 991)</b>	<b>106 110</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM LOANS</b>										
DBSA loan R30m	Development Bank of South Africa	1/2012/02	2027/06/30	22 000 000		2 000 000		20 000 000	-	-
ABSA loan R4.8m	ABSA Bank		2026/07/01	4 800 000		306 351		4 493 649		
ABSA loan R6.5m	ABSA Bank			-	6 500 000			6 500 000		
<b>Total long-term loans</b>				<b>26 800 000</b>	<b>6 500 000</b>	<b>2 306 351</b>	<b>-</b>	<b>30 993 649</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>27 133 487</b>	<b>6 500 000</b>	<b>2 521 737</b>	<b>( 11 991)</b>	<b>31 099 759</b>	<b>-</b>	<b>-</b>

Appendix B : Segmental analysis of Statement of Financial Performance (Mun Dept classification)

APPENDIX B

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

MUNICIPAL DEPARTMENT CLASSIFICATION

2016	2016	2016		2017	2017	2017
Actual income	Actual expenditure	Surplus/ (deficit)	SEGMENT	Actual income	Actual expenditure	Surplus/ (deficit)
R	R	R		R	R	R
51 106 689	52 892 792	(1 786 103)	Municipal Manager & Council	81 152 733	43 777 846	37 374 887
1 078 439	24 146 551	(23 068 113)	Manager Corporate Services	1 195 407	22 050 090	(20 854 683)
7 720 142	11 487 097	(3 766 955)	Socio Economic Plan and Dev	9 464 342	14 367 142	(4 902 800)
36 514 210	75 447 373	(38 933 163)	Town planning & Building control	20 792 279	74 426 284	(53 634 006)
6 366 797	9 155 091	(2 788 293)	Libraries	10 863 832	9 142 327	1 721 505
101 165 729	44 704 994	56 460 735	Manager Financial Services	110 402 792	51 959 558	58 443 234
200 296	5 245 563	(5 045 267)	Manager Technical Services	-	11 818 651	(11 818 651)
386 468 224	287 234 822	99 233 401	Electricity	407 036 240	307 021 431	100 014 809
63 119 467	39 134 254	23 985 213	Sewerage	67 040 040	41 753 342	25 286 698
112 523 761	71 088 417	41 435 344	Water	128 606 691	65 929 299	62 677 391
( 273 670)	6 076 871	(6 350 541)	Manager Community Services	( 263 348)	6 176 652	(6 440 000)
2 976 722	6 662 650	(3 685 928)	Caravan Parks and Chalets	3 437 311	2 827 511	609 801
313 277	730 337	( 417 060)	Cemeteries	182 521	2 105 337	(1 922 816)
49 532 263	42 315 380	7 216 883	Cleansing	54 221 171	39 774 736	14 446 435
20 875 336	22 405 638	(1 530 302)	Integrated Human Settlements	26 836 635	22 959 939	3 876 697
32 977 608	52 852 660	(19 875 052)	Public Safety and Rescue Services	33 726 414	61 407 349	(27 680 935)
2 803 243	41 459 332	(38 656 090)	Parks and Recreation	3 705 716	43 036 477	(39 330 762)
<b>875 468 534</b>	<b>793 039 824</b>	<b>82 428 710</b>	Sub Total	<b>958 400 775</b>	<b>820 533 971</b>	<b>137 866 803</b>
	1 610 288	(1 610 288)	Less inter-dep charges		1 204 580	(1 204 580)
<b>875 468 534</b>	<b>791 429 536</b>	<b>84 038 998</b>	<b>Total</b>	<b>958 400 775</b>	<b>819 329 392</b>	<b>139 071 383</b>

Appendix C : Segmental analysis of Statement of Financial Performance (GFS classification)

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**GFS CLASSIFICATION**

2016	2016	2016		2017	2017	2017
Actual income	Actual expenditure	Surplus/ (deficit)	SEGMENT	Actual income	Actual expenditure	Surplus/ (deficit)
R	R	R		R	R	R
6 406 405	15 962 299	(9 555 894)	Community & Social Services	10 783 004	17 427 527	(6 644 522)
386 468 224	287 234 822	99 233 401	Electricity	407 036 240	307 021 431	100 014 809
50 648 992	46 025 661	4 623 331	Executive & Council	80 085 503	38 546 975	41 538 528
102 902 161	83 417 811	19 484 350	Finance & Admin	112 665 430	94 648 962	18 016 468
20 875 336	19 946 507	928 830	Housing	26 836 635	19 370 147	7 466 489
-	5 560	( 5 560)	Other	-	-	-
16 245 543	34 726 404	(18 480 862)	Planning and Development	20 776 821	33 965 888	(13 189 066)
32 977 608	52 852 660	(19 875 052)	Public Safety	33 726 414	61 407 349	(27 680 935)
18 118 953	42 972 956	(24 854 004)	Road Transport	9 478 885	42 747 223	(33 268 339)
5 779 965	48 121 983	(42 342 018)	Sport and Recreation	7 143 027	45 860 778	(38 717 751)
49 532 263	42 315 380	7 216 883	Waste Management	54 221 171	39 774 736	14 446 435
72 989 324	48 369 364	24 619 960	Waste Water Management	67 040 955	53 833 658	13 207 297
112 523 761	71 088 417	41 435 344	Water	128 606 691	65 929 299	62 677 391
<b>875 468 534</b>	<b>793 039 824</b>	<b>82 428 710</b>	Sub Total	<b>958 400 775</b>	<b>820 533 971</b>	<b>137 866 803</b>
	1 610 288	(1 610 288)	Less inter-dep charges		1 204 580	(1 204 580)
<b>875 468 534</b>	<b>791 429 536</b>	<b>84 038 998</b>	<b>Total</b>	<b>958 400 775</b>	<b>819 329 392</b>	<b>139 071 383</b>

**Appendix D : Disclosure of Grants and Subsidies (According to Section 123 of MFMA)**

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2017												
Name of VOTE	Name of Organ of State, Municipal Entity or Grant	Opening Balance (01/07/2016)	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/with held Jun-17	Total (30/06/2017)
			Sep-16	Dec-16	Mar-17	Jun-17	Sep-16	Dec-16	Mar-17	Jun-17		
ALL GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS & DONATED PPE (per vote)												
MUNICIPAL MANAGER		148 215	-	-	91 781	124 647	73 375	15 000	67 910	56 195	-	152 162
CORPORATE SERVICES		(1 478 169)	636 092	784 626	293 418	6 708 152	957 628	212 581	611 471	6 854 148	-	(1 691 709)
FINANCIAL SERVICES		0	31 005 000	23 625 000	17 939 000	180 000	29 729 465	24 029 348	18 340 068	610 349	-	39 769
TECHNICAL SERVICES		915	-	367 439	7 528 510	2 783 344	174 743	65 529	329 947	10 109 990	-	-
COMMUNITY SERVICES		1 696 171	5 307 678	3 498 599	4 684 630	115 916	2 476 975	5 000 828	3 469 992	4 344 180	-	11 020
ELECTRICITY SERVICES		0	10 000 000	-	1 857 000	-	2 647 901	2 492 434	725 479	5 991 185	-	-
DEVELOPMENT PLANNING & HOUSING		15 890 306	7 265 972	5 577 763	41 784 037	12 804 848	3 178 729	9 411 076	12 028 305	20 983 642	-	37 721 174
TOTAL PUBLIC CONTR. & DONATED PPE		16 257 437	54 214 743	33 853 428	74 178 376	22 716 906	39 238 817	41 226 795	35 573 172	48 949 690	-	36 232 416

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2017												
Name of GRANT	Name of Organ of State, Municipal Entity or Grant	Opening Balance (01/07/2016)	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/with held Jun-17	Total (30/06/2017)
			Sep-16	Dec-16	Mar-17	Jun-17	Sep-16	Dec-16	Mar-17	Jun-17		
ALL GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS & DONATED PPE (per grant)												
EQUITABLE SHARE	NATIONAL	(0)	29 530 000	23 625 000	17 719 000	-	29 530 000	23 625 000	17 719 000	-	-	-
FINANCE MANAGEMENT GRANT	NATIONAL	0	1 475 000	-	-	-	199 465	404 348	621 068	250 119	-	-
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	NATIONAL	(0)	-	-	-	-	-	-	-	-	-	-
MUNICIPAL INFRASTRUCTURE GRANT	NATIONAL	(2 340 000)	4 084 000	6 017 000	12 903 000	-	805 255	3 049 618	4 408 009	12 401 117	-	-
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT	NATIONAL	0	10 000 000	-	1 857 000	-	2 647 901	2 492 434	725 479	5 991 185	-	-
ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT	NATIONAL	-	-	-	-	-	-	-	-	-	-	-
EXTENDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT	NATIONAL	42 477	460 000	785 523	551 000	-	590 366	143 924	624 259	480 450	-	-
MUNICIPAL DISASTER RECOVERY	NATIONAL	915	-	-	-	-	915	-	-	-	-	-
MOSSEL BAY SEDIMENT SUPPLY STUDY		-	-	-	-	-	-	-	-	-	-	-
INTEGRATED HOUSING AND HUMAN SETTLEMENT & DEVELOPMENT GRANT	Department of Human Settlements	17 629 979	3 802 650	828 804	38 165 518	12 502 962	2 606 480	6 977 716	7 870 414	18 133 627	-	37 341 676
MAINTENANCE AND CONSTRUCTION OF TRANSPORT INFRASTRUCTURE GRANT		-	-	-	59 000	-	-	59 000	-	-	-	-
COMMUNITY DEVELOPMENT WORKERS GRANT	Department of Social Services	0	56 000	-	-	-	499	17 663	13 535	24 302	-	-
THUSONG SERVICE CENTRE GRANT		0	-	211 000	-	(0)	21 615	77 708	47 414	64 263	-	-
LIBRARY SERVICES CONDITIONAL GRANT	L.S.C.G	1 694 177	4 512 000	2 312 000	2 311 000	(0)	2 236 959	3 820 035	3 112 283	1 649 903	-	9 998
FINANCE MANAGEMENT SUPPORT GRANT	PAWC	-	-	-	220 000	-	-	-	-	220 000	-	-
HOUSING EMERGENCY KITS	PAWC	720 025	-	-	-	-	1 400	174 426	130 676	34 025	-	379 498
LGWSETA SKILLS DEVELOPMENT	LGWSETA	(1 520 646)	95 092	61 703	126 418	134 333	345 148	30 160	21 538	238 764	-	(1 738 709)
GREENEST MUNICIPALITY COMPETITION	PAWC	37 544	-	-	-	-	-	-	-	37 544	-	-
EMERGENCY RELIEF GRANT	EDEN DISTRICT	18 729	-	-	-	-	-	7 766	3 839	7 124	-	-
DONATED PPE	PUBLIC CONTRIBUTION	-	-	-	-	3 339 521	-	-	-	3 339 521	-	-
FINANCIAL MANAGEMENT CAPACITY BUILDING GRANT	FMCB	-	-	-	-	120 000	-	-	-	120 000	-	-
LOCAL GOVERNMENT GRADUATE INTERNSHIP GRANT	LGGI	-	-	-	-	60 000	-	-	-	20 231	-	39 769
PUBLIC CONTRIBUTIONS AND OTHER SUBSIDIES	PUBLIC CONTRIBUTION	(25 763)	200 000	12 398	266 440	6 560 091	252 814	346 996	275 657	5 937 515	-	200 184
TOTAL GRANTS		16 257 437	54 214 743	33 853 428	74 178 376	22 716 906	39 238 817	41 226 795	35 573 172	48 949 690	-	36 232 416

1. The Municipality complies with the Grant Conditions in terms of the Grant Framework in the latest division of Revenue Act.

2. **CONDITIONS NOT MET**

Where the conditions were not fully met, it was due to the fact that projects started late, and will be utilised in the 2016/2017 financial year.

3. **PROJECTS FUNDING DELAYED**

A debtor was created for the funding not yet received from LGSETA. No other funding were withheld during the year.

4. **RECONCILIATION BETWEEN APPENDIX AND NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

The receipts and expenditure totals on the appendix includes funds received from department of human settlements for projects where the municipality acts as an agent.

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# **Oudit Committee Report 2017**

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**Mossel Bay  
Municipality**

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# **MOSSEL BAY MUNICIPALITY**

## **Report of the Audit and Performance Audit Committee for the year ended 30 June 2017**

### **Recommended to be included in Annual Report**

The Audit and Performance Audit Committee is a committee of the Council and in addition to having specific statutory responsibilities to the ratepayers and consumers in terms of the Municipal Finance Management Act, 2003 (No56) (MFMA), the committee assist the Council.

#### **1. Terms of Reference**

Audit Committee Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- risk management;
- performance Management; and
- effective Governance.

The Audit and Performance Audit Committee has adopted formal terms of reference (charter) that have been approved by Council and has executed its duties during the past financial year in accordance with these terms of reference.

#### *a) Functions of the Audit Committee*

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 and the Local Government Municipal and Performance Management Regulation:

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- Respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted to it by the internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.

- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
- To review the annual report of the municipality.
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.
- In addition to above the Audit Committee also performs the function of a performance audit committee. Functions of the Performance Audit Committee In terms of Section 14(4) (a) of the Regulations the performance audit committee has the responsibility to –
  - i) review the quarterly reports produced and submitted by the internal audit process;
  - ii) review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
  - iii) at least twice during each financial year submit a performance audit report to the council of the municipality.

## **2. Members of the Audit and Performance Audit Committee**

The Committee consists of three independent non-executive members.

As on 30 June 2017 the Audit and Performance Audit Committee comprises of the following members:

NAME	POSITION	PERIOD
A Dippenaar	Chairperson	1 July 2016 – 30 June 2017
N van Wyk	Member	1 July 2016 – 30 June 2017
W Pieters	Member	1 July 2016 - 30 June 2017

The Municipal Manager, the Chief Financial Officer, directors from departments and representatives from the internal auditors attend the committee meetings. The Committee also values the attendance by the Executive Mayor and the Finance Portfolio Councillor. This also served to improve communication between the Committee and Council.

The external and internal auditors have unrestricted access to the Committee



### 3. Meetings

The Audit and Performance Audit Committee held four meetings during this period. Details of the Committee members attendance at meetings is set out in the table below.

MEMBER	26 August 2016	30 November 2016	10 February 2017	30 MAY 2017
A Dippenaar	Present	Present	Present	Present
N van Wyk	Present	Present	Present	Present
W Pieters	Present	Present	Present	Present

The Chairperson of the Audit and Performance Audit Committee attended the following meetings:

- Meeting with office of Auditor General – 6 September 2016.
- Performance Evaluation Meetings – 21 July 2016, 13 February 2017 and 8 May 2017.
- Financial Misconduct Committee – 25 November 2016.
- Western Cape Audit Committee Forum – 29 July 2016.

Mr. N van Wyk attended the following meetings:

- Risk Management Committee – 20 September 2016, 15 November 2016, 14 March 2017 and 20 June 2017.

### 4. Statutory Duties

In execution of its statutory duties during the past financial year, the Audit and Performance Audit Committee received no complaints relating to the accounting practices and internal audit of the municipality, the content of auditing of its financial statements, the internal financial controls of the municipality and other related matters.

#### *Oversight of risk management*

The committee has received assurance that the process and procedures followed by the internal auditors are adequate to ensure that financial risks are identified and monitored.

“Internal audit performed their planned reviews for the financial year under review and engaged with the external auditors on matters raised during the audit.”  
(Final Management Letter AG November 2017)

The committee satisfied itself that the following areas have been appropriately addressed:

- Financial reporting;
- Internal financial controls and

- Fraud risks as it relates to financial reporting and Supply Chain Management.

#### *Internal financial controls*

The Committee has:

- reviewed the effectiveness of the municipality's system of internal financial controls, including receiving assurance from management, internal and external audit;
- reviewed the effectiveness of internal controls relating to the SCM system specifically, as it is one of the key fraud risk areas;
- reviewed the municipality's compliance with applicable laws and regulations, including compliance with the SCM regulations and
- reviewed significant issues raised by the internal audit process.

Based on the processes and assurances obtained, the Committee believes that, except in the case of the IT Department as reported on by the Auditor General, significant internal financial controls are in place and effective.

#### *Annual financial statements and report as on 30 June 2017*

The Committee applaud the fact that the Auditor-General has once again issued a clean audit opinion on the financial statements for the year ended 30 June 2017, making it the sixth consecutive year that the Municipality has achieved a clean audit.

All matters reported on by the Auditor General have been attended to, corrected or found to be immaterial.

The Audit Committee therefore, propose that the Council may accept the Financial Statements for the financial year ended 30 June 2017 signed and presented by the Accounting Officer.

#### *External Audit*

Based on processes followed and assurances received, nothing has come to the attention of the Committee with regards to the external auditor's independence.

#### *Internal Audit*

The Committee has:

- reviewed and recommended the internal audit terms of reference(Charter) for approval;
- evaluated the independence, effectiveness and performance of the internal audit function and compliance with its mandate;
- satisfied itself that the internal audit function has the necessary resources, budget, standing and authority within the Municipality to enable it to discharge its functions;
- approve the internal audit risk based plan; and

- encourage cooperation between external and internal audit.

The head of the internal audit function reported functionally to the Committee and had unrestricted access to all members of the Committee.

#### *Finance Function*

Based on the processes and assurances obtained, the Committee believes the accounting practices are effective.

#### *Performance Management Function*

The Audit and Performance Audit Committee has pleasure in reporting on the performance management, as required by section 14 of the Municipal Planning and Performance Management Act of 2001.

“The audit committee is compliant with the Municipal Planning and Performance Management Regulations in that it met at least twice a year to discuss the financial affairs of the municipality and provide feedback on the internal and external auditors root causes identified.” (Final Management Letter AG November 2017)

The Committee is satisfied that the Mossel Bay municipality did utilize mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, including assessments of the functionality of the performance management system whether the system complied with the requirements of the MSA, and include assessments of the extent to which the performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators.

To ensure compliance of key performance indicators to measure the inputs of processes (economically and efficiently) are determined and compared against set norms/ standards.;

The internal auditors did audit the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the Committee.

In terms of functionality the Mossel Bay Municipality implement a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

The accounting officer of the Mossel Bay Municipality did assess the performance of the municipality for the financial year, taking into account the municipality’s service delivery performance during the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72 of the MFMA.

The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives in its annual performance plan/integrated development plan:

- Consistency: the Mossel Bay Municipality has reported [throughout] on its performance with regard to its objectives/indicators/targets as per the approved annual performance/integrated development plan.

The following targets with regard to the indicators were achieved:

- Specific in clearly identifying the nature and the required level of performance.
- Measurable in identifying the required performance.
- Time bound in specifying the time period or deadline for delivery.
- Relevance: the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. It is specific and measurable, and the time period for delivery was specified.
- Reliability: reported performance information can be traced back to the source data or documentation and the reported performance information is accurate and complete in relation to the source data or documentation.

Formal evaluation of employees that are employed in terms of Section 57 of the Local Government: Municipal Systems Act No 32 of 2000 took place during this period.

In summary it can be noted that the Performance Management System of the Mossel Bay Municipality, the implementation and monitoring of the system is in line with all legislative and functional requirements of the Municipality.

In Summary the Audit and Performance Audit Committee confirms that:

- Sufficient controls are in place to ensure the Municipality utilised their available resources in the most economical, efficient and effective manner in the development of the IDP in setting development priorities and objectives.
- A proper process was followed in the maintenance and update of the Municipality's Performance Management System.
- The Municipality followed the process prescribed in the Performance Management System (PMS) to develop and improve its Key Performance Indicators (KPI's).
- The KPI's in general comply with the relevant statutory requirements.
- The Municipality followed the process prescribed in its PMS to set performance targets.
- The performance targets comply with the relevant requirements.
- The Municipality's actual service delivery process is performance target driven.
- The Municipality monitor its actual progress in terms of a formally documented process.
- The Municipality has followed the internal control procedures as prescribed in the PMS to monitor its performance.

- The Municipality followed the process prescribed in its PMS to measure and report on their performance.
- The Municipality followed the process prescribed in its PMS to revise their strategies and objectives.

## **5. Conclusion**

The Audit and Performance Audit Committee is pleased with the continued maintenance of a high level of performance.

The Committee values the sound relation with Council and Staff and without compromising on independence, feels that a good relationship is imperative for the smooth functioning of the Committee. The Committee cherishes its role as a watchdog, but also respects the role of Council and Staff to make decisions without interference from the Audit and Performance Audit Committee.

The Council and Management takes a keen interest in the workings of the Committee in order to identified potential problems at an early stage and in such a manner that they can be addressed in time to make it easier to achieve a clean Audit Report and good governance.

The Audit Committee deems it appropriate to draw attention to special audit reviews conducted by the municipality's Internal Auditor, requested by the Municipal Manager, as well as the Auditor General, following the initial suspension and subsequent termination of the employment agreement with the municipality's former Chief Financial Officer, Mr MK Botha. This action was resorted to following Mr Botha's conviction on criminal offences committed whilst in the employment of an employer immediately prior to he took up occupancy in the said capacity. Reports submitted to the Committee on the aforementioned reviews by Internal Audit and the Auditor General revealed no malpractices or irregularities in the aspects covered by them.

The Committee agree with the following statement of the Auditor General:

The municipality is commended on maintaining its clean audit outcome. This was achieved through the tone set by leadership and the monitoring of controls thus ensuring a sound internal control environment.

On behalf of the Audit and Performance Audit Committee



ABJ DIPPENAAR

29 November 2017